

Kuwait May Service U.S. Forces in Gulf

By Alan Cowell New York Times Service KUWAIT — Kuwait hinted Monday that limited staging facilities might be negotiated for U.S. air and naval forces protecting reflagged Kuwaiti tankers in the Gulf, but it ruled out granting full basing rights.

Gulf Cease-Fire Ordered by UN

UNITED NATIONS, New York — The UN Security Council, by unanimous vote, demanded Monday that Iran and Iraq call an immediate cease-fire in their seven-year war and return troops to internationally recognized borders.



Prime Minister Anibal Cavaco Silva raising the Portuguese flag early Monday in Lisbon at an election victory rally.

Cavaco Silva Vows to Revamp Economy

Compiled by Our Staff From Dispatches LISBON — Prime Minister Anibal Cavaco Silva has shattered the mold of Portuguese politics with a decisive election victory, giving his Social Democrats a four-year mandate to transform Western Europe's poorest country.

Most elements of Portugal's economy were nationalized after a 1974 military uprising toppled a rightist dictatorship and the constitution enshrined state ownership as "irreversible gains of the working classes."

Defiant Admiral Has 'No Regrets' In Contra Affair

WASHINGTON — Rear Admiral John M. Poindexter on Monday denied misleading members of Congress when the Iran-contra affair became public last fall and defiantly told investigators, "I don't have any regrets for anything that I did."

Meanwhile, France advised its shipowners not to send their vessels to the Gulf, a government spokesman said Monday. (Page 2)

stressing that the U.S. warships protecting the tankers would operate in international waters in the Gulf.

With nearly all ballots counted Monday afternoon, official provisional figures gave Mr. Cavaco Silva's party 50.2 percent of the vote and 146 seats in the 250-seat Assembly of the Republic.

Any constitutional changes require a two-thirds majority, a hurdle easily overcome with support from the Socialists, who have also

As late as the second week in November 1986, Iranian "moder-

Klosk

U.S., Soviet End Talks on Testing

GENEVA (AP) — U.S. and Soviet negotiators ended a sixth round of talks on nuclear testing Monday, and the United States said it would study a Soviet proposal for joint experiments at both countries' test sites to improve verification measures.



President Daniel Ortega Saavedra of Nicaragua said the Iran-contra affair showed a crumbling of democracy. Page 3.

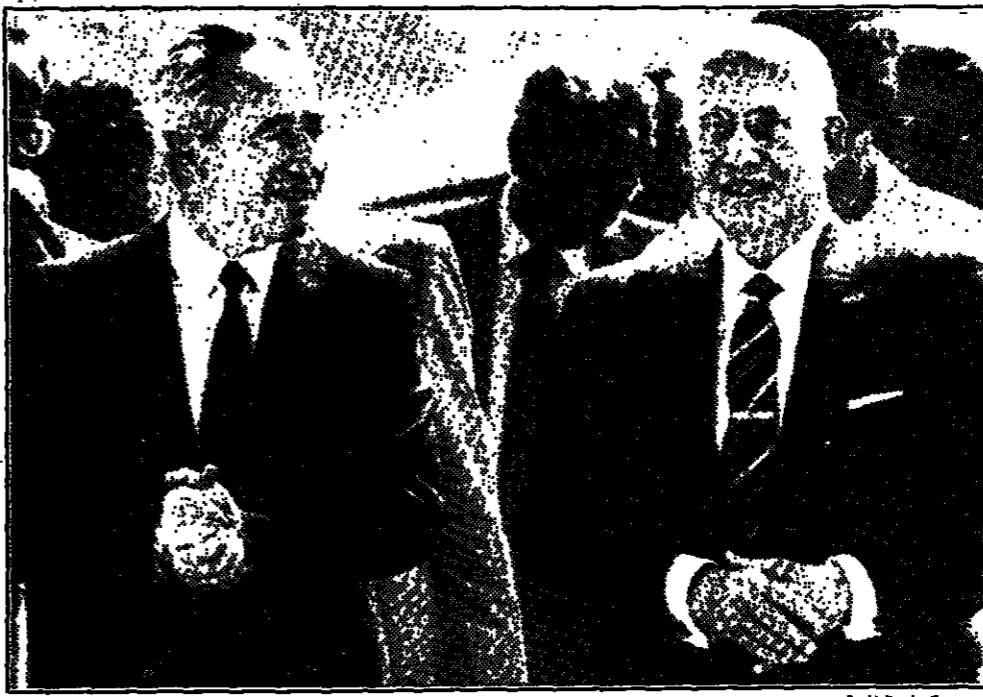
Spy Case at U.S. Embassy in Moscow Unravels as Discrepancies Surface

By Ralph Blumenthal and David E. Pitt New York Times Service NEW YORK — Late in the afternoon of March 20, in a motel room on the edge of California's Mojave Desert, on the third and most grueling day of his interrogation, a 21-year-old U.S. Marine Corps corporal flanked by two navy investigators began scribbling his signature on page after page of a confession they had placed before him.



Arnold Bracy

Among the contradictions and discrepancies found were: • The Marine Corps said Corporal Bracy admitted that he and Sergeant Lonetree had escorted Soviet agents through secret embassy arcs for hours at a time on numerous occasions.



Foreign Minister Shimon Peres, left, with his Egyptian counterpart, Esmat Abdel Meguid.

Egypt Urges Peace Conference in '87

By Thomas L. Friedman New York Times Service JERUSALEM — Egypt's foreign minister, Esmat Abdel Meguid, making the first visit to Jerusalem by any Egyptian leader since the Israeli invasion of Lebanon in 1982, appealed Monday to his Israeli hosts to take part in an international peace conference on the Middle East.

Mr. Abdel Meguid on his arrival in Tel Aviv. "The only way to reach this end is through the convening of an international conference under United Nations auspices."

On Sunday, Ariel Sharon, the minister of trade and industry, dispatched a bulldozer to begin laying the foundations for a new West Bank settlement, the plans for which still have not been approved.

GENERAL NEWS

A Japanese businessman has been accused of illegally selling aircraft computer data to Soviet officials in Tokyo. Page 3.

A tour of African nations with ANC members shattered the preconceptions of a group of Afrikaners. Page 2.

The EC agreed to press Japan further to open its markets to European exports. Page 9.

Chrysler will sell China's largest automaker machinery and technical help to build car and truck engines. Page 9.

Dow closes: DOWN 22.32 The dollar in New York: DM £ Yen FF 1.863 1.5985 152.725 6.1975

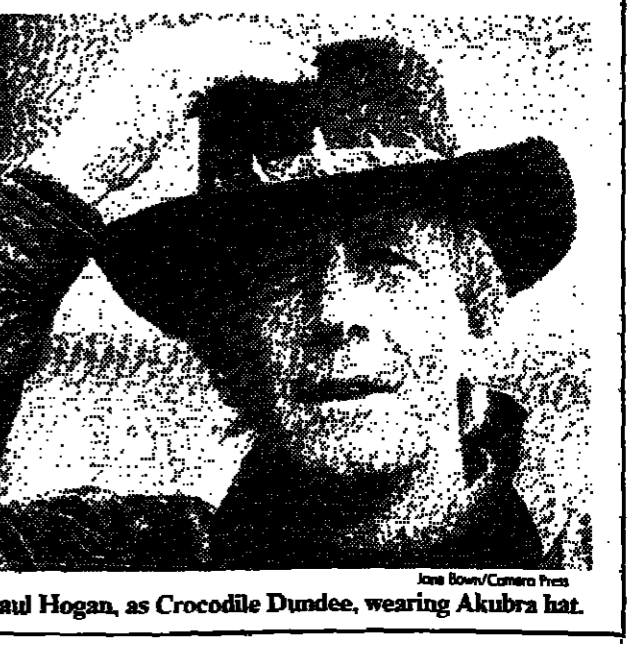
Outback Couture: Riding High on 'Crocodile Dundee' Look

By Michael Richardson International Herald Tribune MELBOURNE — As Paul Hogan ponders whether to make a sequel to his movie "Crocodile Dundee," manufacturers of Australian outback clothing and accessories, especially Akubra hats, reckon they've fallen on very good times indeed, thank you mate.

mand for our hats, but we weren't expecting an avalanche," said Stephen Keir, managing director of Akubra Pte. in Kempsey, a country town in the state of New South Wales.

Two people who knew a good outdoors hat before Crocodile Dundee spread the word abroad were President Ronald Reagan and his wife, Nancy.

They fancied the Snowy River model and ordered one each from the Akubra factory in 1983 after seeing one worn by an Australian model on the cover of America's Town and Country magazine.



Paul Hogan, as Crocodile Dundee, wearing Akubra hat.

Yugoslav Town Flourishing on Vision of the Virgin

By Jackson Diehl
Washington Post Service

MEDJUGORJE, Yugoslavia — Ivan Dragicevic and Marija Pavlovic, two well-dressed, clean-cut young people from this tiny village, stood in the stifling heat of a priest's cluttered office one recent evening and recited a prayer to the Virgin Mary in their native Serbo-Croatian.

Around them pressed a tight semicircle of Roman Catholic priests from the United States, Italy, Ireland, Switzerland and South America, clutching rosaries and sweating heavily in their white collars. On their flanks, members of four American package tours focused home-video cameras, making tapes for hand-to-hand circulation around the U.S. heartland.

Mr. Dragicevic and Miss Pavlovic suddenly broke off their prayer and dropped to their knees, pressing their palms together and staring intently upward, toward the top shelf of an ordinary bookcase, at the plaster statuette of Mary on it and at a crucifix attached to the wall.

For four minutes they held that gaze, occasionally mouthing indistinguishable words, while the witnesses and cameras looked on.

For the 2,212th consecutive evening, by these youths' account, a miraculous vision had occurred. Beginning at 6:40, they had seen and conversed with Mary, who they say reveals herself to them. The Virgin, by their account, has singled out Medjugorje, a poor, isolated mountain hamlet near the Adriatic coast in central Yugoslavia, and six of its youths to receive her messages for the rest of the world.

Not everyone believes it. The Roman Catholic bishop of nearby Mostar, for example, whose diocese includes Medjugorje, has not given official endorsement to the reported visions and, in fact, has criticized them as "hallucinations" and "illusions."

The Vatican has appointed a commission to study them but has not rendered a judgment. The caution and criticism are similar to that expressed by Roman Catholic Church before it endorsed public worship at such famous apparition sites as Lourdes, France; Fatima, Portugal; and Guadalupe, Mexico. Many other reported apparitions have failed to get Vatican endorsement.

Yugoslavia's officially atheist — and slightly chagrined — Communist government scoffed at the reported apparitions for years, once detaining the parish priest briefly and barring construction of hotels. But it has dropped the construction ban and the state tourist agency is now booking its own tours.

No one tries anymore to discourage the hundreds of thousands of foreign pilgrims, including thousands of Americans, who flock in growing numbers to the arid, sun-seared spot to see, and believe in, the "miracle of Medjugorje."

For a country with 100-percent inflation, 14-percent unemployment, one of Europe's most crushing foreign debts and a socialist state's grudging reluctance to embrace capitalism, the phenomenon has become at least a miracle of easy money.

"After all, pilgrims are also tourists, and tourists bring money," said the Reverend Slavko Barbaric, one of six Franciscan fri-

ars who collectively preside over St. James Church and its renowned parishioners. "If Christians can forget God because of money, then why can't Marxists forget their ideology because of money?"

There is little sign of socialism in the rocky hills around St. James's twin, boxy steeples. Instead, beginning at the church's main entrance is an explosion of private enterprise fully worthy of its mostly Western clientele. A mile-long stretch of food, drink and souvenir vendors is arranged in booths and wooden huts on both sides of the narrow road leading to the church, their wares advertised in a jumble of English, Italian, German and Serbo-Croatian.

In the nearby town of Citluk, a host of well-appointed private restaurants, guest houses, money-changers and sports clubs stand in glaring contrast to the often shabby state shops in Mostar, 15 miles (25 kilometers) away.

Tracts of the sandy farmland that used to yield Medjugorje a meager existence are giving way now to whole subdivisions of gabled, white-stuccoed houses, built by families that have grown rich boarding foreign tourists and who are gambling that more are on the way.

Foreign operators have quickly moved in. Religious travel agencies from New Orleans, Houston and Washington had substantial groups of pilgrims quartered around Medjugorje on a seemingly typical day recently.

Church officials say Italians are bused and flown in by the thousands each week. A special jet, the Queen of Peace, flies twice a week directly to Mostar bearing

pilgrims from Ireland. "There are estimates that five, six million have come here in the last six years," said Mr. Barbaric. "But really, no one knows how many there are."

Most of the foreign pilgrims never get to see the young people having visions. However, they are able to visit some of them during the day and are invited by the church to attend daily Masses and make their own pilgrimages up two steep hills nearby.

The origin of it all was a stroll up the smaller of the two hills, now called the "Hill of the Visions," taken by Mr. Dragicevic, Miss Pavlovic and four friends on June 24, 1981.

"These were just typical kids, doing nothing, going for a walk, probably to sneak a cigarette," recounted Milona Hapsburg, 28, a German believer who came to see the place three years ago and ended up moving in as an assistant to the priests.

Suddenly, their account goes, the Virgin Mary appeared and spoke to the group. Stunned, the youths, then all in their early teens or younger, fled, but they were attracted back to the site the next day where they received a message from Mary. They took their story to the priests at the church, who believed them. Soon, a ritual was born.

The reported messages from Mary, who presents herself as "everyone's mother" and invites all "to join in God's peace," deal primarily with the goal of conversion of the world's nonbelievers through prayer and fasting.

The texts are posted in a multitude of



languages on bulletin boards in the village and dissected by the priests in their sermons. "I love you, dear children, and therefore I do not know how many times I invite you and thank you for all that you are doing for my intention," reads part of the text from June 25.

She also reportedly confided 10 "secrets" to the young people in the first months of the apparitions. The secrets, which have not been disclosed, are said to relate to the future and the struggle between good and evil in the world.

The apparition has proved regular as clockwork, but also has responded to the recipients' changed situations. It moved from the hilltop to inside the church, then, as the hostility of the local hierarchy became evident, to an office of the parish house.

WORLD BRIEFS

6 Policemen Hurt in Karachi Rioting

KARACHI, Pakistan (Reuters) — Six policemen were injured and a train and several buses set on fire Monday in rioting in Pakistan's biggest city, Karachi, according to hospital officials and witnesses.

Local authorities said two persons were killed and eight, including two policemen, were injured Sunday night when policemen shot back after coming under fire near the airport. Witnesses said crowds had taken to the streets demanding the resignation of President Mohammad Zia ul-Haq and Prime Minister Mohammad Khan Junjo for failing to provide security. They blocked roads, threw gasoline bombs and set four vehicles on fire.

On Monday, police used tear gas and fired shotguns to control the disturbances, which broke out six days after at least 75 persons were killed and 300 hurt in car bomb attacks in Karachi. Monday morning at Malir, in the eastern part of the city, rioters attacked a commuter train, derailed the engine and set it on fire, the witnesses said. The protesters also burned at least seven buses and other government vehicles.

Nazi-Hunters Target U.K. Resident

LONDON (AP) — Officials from the Simon Wiesenthal Center for Holocaust Studies urged Britain on Monday to investigate new evidence against a former Lithuanian platoon commander living in Scotland who they believe was responsible for the deaths of hundreds of Jews.

The center, which is based in Los Angeles, turned over more than 1,000 pages of documents to the Home Office, including signed depositions from three wartime colleagues in the Soviet Union who assert that Antanas Gečas ordered the execution of hundreds of Jews and killed many himself.

Mr. Gečas, 71, a retired mining engineer who came to Britain in 1947, has denied taking part in the murder of any of the 220,000 Lithuanian Jews who died at the hands of the Nazis in World War II. He said he was powerless to prevent activities in which his unit took part and contended he was the victim of a Soviet smear campaign.

Demjanjuk Dismisses Chief Counsel

JERUSALEM (AP) — John Demjanjuk, who is being tried for alleged Nazi war crimes, on Monday dismissed his chief defense attorney despite the refusal of the Israeli judges to grant a delay in the proceedings.

At a special hearing, presiding judge Dov Levine accepted Mr. Demjanjuk's decision to dismiss Mark J. O'Connor, but denied a defense request to postpone the trial beyond a monthlong recess that had already been granted to Mr. Demjanjuk's attorneys. "I have a firm decision to release Mr. O'Connor from this trial even though the trial will resume on July 27," Mr. Demjanjuk said in his native Ukrainian.

Mr. Demjanjuk, 67, a retired U.S. auto worker, will take the stand when the trial resumes on Monday. The defendant is charged with being "Ivan the Terrible," a brutal guard at the Treblinka death camp in Nazi-occupied Poland, where 850,000 Jews were killed in 1942 and 1943. He claims he is a victim of mistaken identity.



John Demjanjuk blowing a kiss to his wife on Monday as he is led into court.

Japanese Firms to Join SDI Research

WASHINGTON (Reuters) — Japan and the United States are expected to sign an agreement Tuesday for Japanese companies to take part in the U.S. anti-missile research program, the Strategic Defense Initiative, American military officials said Monday.

Japan would become the fifth U.S. ally to join the effort to develop lasers and other weapons that could destroy nuclear missiles and warheads in flight. Britain, West Germany, Italy and Israel have already signed such agreements.

Morocco Applies for EC Membership

BRUSSELS (Reuters) — Morocco has formally applied for membership in the European Community, but a spokesman for the current EC president raised questions on Monday about the North African state's eligibility.

The application came in a letter from King Hassan II that was delivered to the Danish foreign minister, Uffe Ellemann-Jensen, whose country is currently president of the EC. A formal EC response is expected later this year.

A Danish spokesman said the Moroccans were told that their country does not meet the criteria for membership in the 12-nation trading bloc. The EC's founding Treaty of Rome restricts membership to European states. Morocco currently enjoys only a preferential commercial agreement with the EC. Diplomats speculated that King Hassan's move was an attempt to get the best possible deal in a renegotiation of that agreement.

For the Record

Brent Anderson, an American who was flown out of China by the U.S. Air Force last week after being diagnosed as having AIDS, has arrived at a hospital in Columbus, Ohio, where a spokesman said he was in critical condition. (AP)

TRAVEL UPDATE

Several French international flights were delayed and two domestic flights canceled Monday as French air controllers continued their daily, hour-long strike action. They are striking over a pay claim focusing on better retirement pay. (APF)

The London Underground recorded 769 million passenger journeys in the past year. Congestion is increasing so much that it is becoming unsafe to be on at least one station platform. Anged in north London, in the rush hour, authorities said Monday. (AP)

Employees of Sudan's meteorological department began a three-day strike Monday to demand that their government office be turned into an independent corporation with modern equipment and improved terms of service. Daily weather bulletins to pilots and marine navigators will be suspended during the strike. (AP)

A baggage handler became trapped in the luggage compartment of a Delta Air Lines jet as it was preparing for takeoff Sunday from Atlanta, but the man was freed after passengers heard him banging and yelling. The Alabama Journal reported Monday in Montgomery, Alabama. (AP)

Paris Tells Shipowners To Avoid Gulf Routes

By Julian Nundy
International Herald Tribune

PARIS — France advised its shipowners not to send their vessels to the Gulf, a government spokesman said Monday.

A letter dated Friday from Ambroise Guellec, secretary of state for the sea, said that French ships in the area would be there "entirely at their own risk and peril."

The letter was an indication of French government fears that the three-week diplomatic crisis between Paris and Tehran might grow into a more serious dispute. It was also a sign that France did not plan to use its navy to secure safe passage for French merchant ships.

On July 13, a French container ship, the Ville d'Anvers, was machine-gunned for about 20 minutes by two Iranian Navy launches, French officials said. The incident, in which no one was injured, was one of the events leading to the break in ties.

It was described by Foreign Minister Jean-Bernard Raimond on Sunday as "an act of war." On Monday, however, Foreign Ministry officials said that France did not intend to seek anything more than financial compensation for the damage to the ship.

Officials said that the Ville d'Anvers had left the Gulf under escort from a French naval vessel after undergoing repairs in Bahrain.

Meanwhile, Iran's president, Ali Khamenei, said that Tehran would not back down in the current confrontation, the official Islamic Republic News Agency reported Monday.

"Iran has taken the necessary

steps to confront diplomatic warfare," IRNA quoted him as saying in the city of Tabriz late Sunday. It said he described his country's current dispute with France as "a new plot by the major powers against the Islamic Republic."

Mr. Khamenei's speech coincided with an interview on French television in which Mr. Raimond said that the central issue in the dispute — that an Iranian Embassy interpreter, Wahid Gerdji, should appear before a magistrate investigating terrorist attacks in Paris — was "not negotiable."

Iran has responded by ordering the French consul in Tehran, Paul Torri, to appear before the state prosecutor on charges of espionage, aiding counterrevolutionaries and drug-trafficking to create a parallel with the Gerdji case. France rejects such a parallel because Mr. Torri has diplomatic immunity and Mr. Gerdji does not.

But, in his speech Sunday, Mr. Khamenei did not repeat allegations, made by Interior Minister Sayed Ali Akbar Mohtashami the day before, that an unspecified number of other French diplomats in Tehran also were suspected of such crimes and faced arrest. France has 11 diplomats at its embassy in Tehran as well as a number of nondiplomatic staff.

With fears that the dispute could grow into a hostage crisis such as that endured by the United States for 14 months after Iranian students overran its embassy in November 1979, French officials drew comfort Monday from signs that Iran, while anxious not to lose face, was not driving home the more ominous charges.

[A spokesman in Bonn said Monday that the West German Embassy in Tehran has delivered food and other supplies without interference to the diplomats inside the French Embassy, United Press International reported from Bonn.]

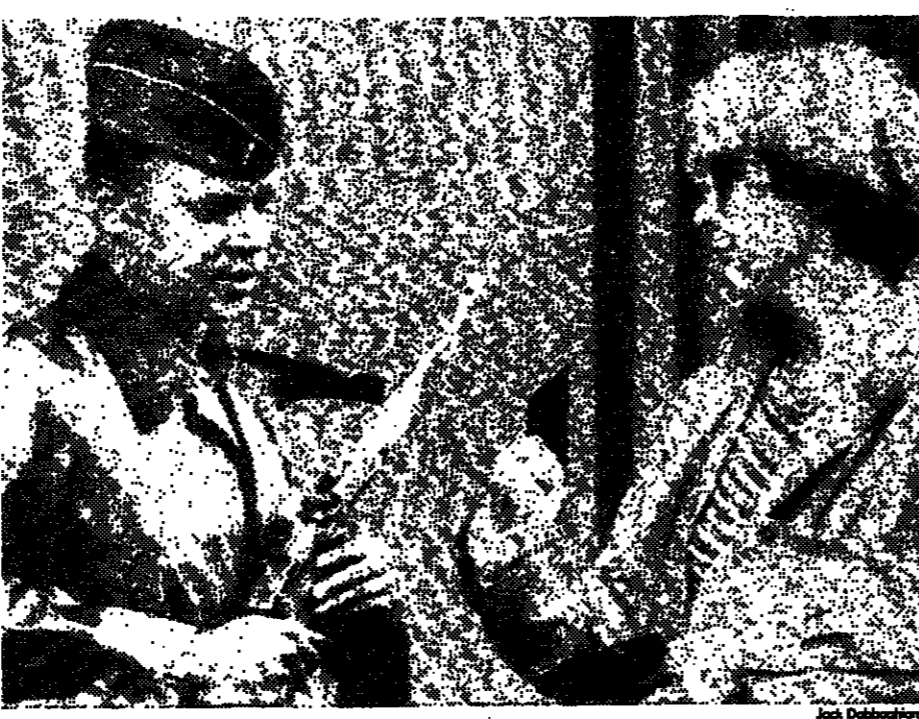
Foreign Ministry officials noted that Mr. Mohtashami's allegations had not been given a wide airing by the Iranian media, indicating that they did not have much official backing.

The charges had not been renewed during contacts between France's chargé d'affaires in Tehran, Pierre LaFrance, and the Iranian authorities, they said.

Talks in Tehran between the French mission there and the Iranian Foreign Ministry were the only channel of negotiation at present, a French Foreign Ministry spokesman said.

Mr. Gerdji was summoned three weeks ago for questioning by a judge investigating bombings in Paris in the spring and fall of 1986 that killed 13 persons and injured more than 150. The attacks were claimed by a committee seeking the release of three Middle Eastern terrorists serving life sentences in French prisons. The bombings have been linked to a pro-Iranian Islamic extremist group.

Since Friday, the embassies in both capitals have been sealed off, with only the charges d'affaires authorized to leave.



A policeman in Paris checked the papers Monday of a passer-by near the Iranian Embassy.

Next Queue, Next Stamp, Next Day: Welcome to Egyptian Bureaucracy

By John Kifer
New York Times Service

CAIRO — The Mugamma, a grim, gray Stalin-esque hulk of a building, looms by Tahrir Square's chaotic traffic in central Cairo, a symbol of the sprawling, indolent bureaucracy that clogs Egyptian life.

Thousands, perhaps tens of thousands of Egyptians, wander through its grimy, cheerless corridors each day in search of myriad pieces of paper and official stamps, crowding on the floors to fill out forms and jostling to the counters. In little side offices, the government workers sit drinking endless cups of coffee and tea, gossiping amiably.

"Unless you know somebody in the Mugamma, unless you have a connection, you could be in there for a week before you get your papers stamped," a young woman said.

Built in the early 1960s when Gamal Abdel Nasser was at the height of his political power, the Mugamma — it is an Arabic word that roughly means the central complex — was to be a proud symbol of his Arab socialism. It was an example of what the government would do for the people, with an office for every ministry.

Today, it is a grim reminder of the heritage of Nasserism. Egypt's population, like the bureaucracy, has swollen since, and there are many more official buildings. But the very name of the Mugamma, like some monster of folklore, arouses dread.

The central air shaft is draped in garbage, with a white coating of infinite scraps of official documents. Local lore has it that people sometimes become so frustrated in the Mugamma that they hurl themselves to their deaths from the staircases.

Wedged into the parking lot outside, where some entrepreneurs set up ancient cameras and modern photocopying machines and others offer to pilot applicants through the maze, are many empty black and white taxis.

They are not waiting for customers, at least not yet. They are waiting for the government workers — most of whom make the equivalent of \$15 to \$20 a month — to slip away from their desks and begin their real paying work as taxi drivers. So many government employ-

ees hold down second jobs that, the saying goes, "Egypt is socialist in the morning and capitalist in the afternoon."

How many people are employed in the Mugamma? It was a question that met a bureaucratic response.

"You are most welcome, sit down," said the public relations man for the Mugamma.

As the question was broached, a frown crossed his face. He thought for a minute.

"You must take a permission from the governor of Cairo," he said with visible relief. "Come back with a letter."

"You are most welcome, sit down," said an official at Abdeen Palace, the governor's office, a few blocks away. There was a brief frown at the question.

"You must take a permission from the Ministry of Information," he said, smiling now. "Come back with a letter."

It is perhaps a hangover of the Ottoman Empire, this obsession with papers, stamps and dusty files that pervades the Arab world. The stolid, often corrupt bureaucrat is a stock figure of complaints and jokes. And, throughout the Arab world, the only way to deal with bureaucracy is to circumvent it, with wasta (influence) or bakshesh (bribe).

Historians cannot quite agree on whether bureaucracy began in Egypt or in China. In Egypt it started with the measuring and allocating of the yearly life-giving floodwaters of the Nile. And it is in

ISRAEL: Conference Urged

(Continued from Page 1)

Minister Shimon Peres, a member of the Labor Party who has been trying to convince his government to accept an international peace conference.

However, also as expected, Mr. Abdel Meguid found his call for an international conference rejected by Prime Minister Yitzhak Shamir, a member of the Likud bloc.

During a two-hour discussion, Mr. Shamir told the Egyptian envoy that the best way to break the current deadlock was the same way Egypt and Israel broke it nearly a decade ago — through direct talks. This time, the talks would be between Israel and a joint Jordanian-Palestinian delegation, a senior Israeli official said.

Besides calling for an international conference, Mr. Abdel Meguid reaffirmed Egypt's attachment to the Camp David peace treaty with Israel and delivered to Mr. Shamir a long personal letter from President Hosni Mubarak of Egypt, the official said. The contents of the letter were not disclosed.

As often is the case in the Middle East, it was action on the ground, and not around the discussion table, that seemed to be shaping events — such as Mr. Sharon's dispatch of a bulldozer to the planned site of an Israeli settlement, to be called Anevi Hefez, in the northern West Bank.

Although the government has agreed in principle to build a settlement at Anevi Hefez, no permit for its construction has been issued, no plan of settlement approved by the Housing Ministry and no proof of land ownership confirmed by the Israeli military government in the occupied West Bank.

Mr. Sharon was quoted by the Jerusalem Post as saying that a survey of the area on Friday and his dispatch of the bulldozer were preliminary acts of "extending ownership of land which is clearly Jewish."

Israeli troops dispatched by Mr. Rabin told the bulldozer operator he lacked a permit to operate in the area and sent him home before he really started work.

Politically, Mr. Sharon's initiative was an effective ploy, said political commentators. It forced the Labor Party minister of defense to send out troops to block an effort at settlement, while embarrassing Mr. Sharon's two main Likud rivals, Mr. Shamir and Housing Minister David Levy.

Mr. Shamir and Mr. Levy were left looking as though they had fallen behind Mr. Sharon in their zeal for new settlement building, which could hurt them in the highly nationalistic Likud camp.

Mr. Sharon accused Mr. Rabin of being responsible for "a new dimension in the loss of central authority in Israel" by ordering the army to halt his bulldozing.

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By Allister Sparks
Washington Post Service

ACCRA, Ghana — For 61 white South Africans, most of them dissident Afrikaners, it was a journey from parish status to acceptability.

The academics and business and professional people who held talks last week with the African National Congress in Dakar, Senegal, were accorded the status of visiting dignitaries as they visited two more West African countries, Burkina Faso and Ghana.

Group members said the tour, sharply criticized by the South African government and extreme-right whites at home, demonstrated black Africa's readiness to accept the element in South Africa most closely identified with the apartheid policy of white domination, provided they are prepared to renounce it.

In what for most was their first venture into black Africa, the Afrikaners appeared first astonished, then delighted at the warmth of their reception in countries that have barred entry to white South Africans and sought to isolate South Africa internationally.

As the 10-day tour progressed, their reserve and skepticism gave way to embraces for their black hosts and the African National Congress leaders who accompanied them on the tour as they left Ghana on Friday. It was a personal triumph for Frederik van

Zyl Slabbert, the former leader of South Africa's liberal Progressive Federal Party, who resigned from the white-controlled Parliament last year to found an institute for promoting interracial contact.

Mr. Slabbert chose the group to participate in the sessions, the largest ever between white South Africans and exiled leaders of the outlawed ANC, which opinion polls show has the strongest support of South Africa's black movements.

He chose mainly influential Afrikaners with doubts about the morality and viability of apartheid, but were uncertain what sort of future they would have under black majority rule.

As the tour drew to its close, most said it had been a profound personal experience that had destroyed many preconceptions.

As one leading member of the group put it: "It has been an overwhelming experience and I think it is going to take a long time for us to absorb it all. For many, our whole conceptual framework has been shattered."

Moving on from Senegal, one of Africa's few multiparty democracies, the Afrikaners' reception in the revolutionary republic of Burkina Faso, formerly known as Upper Volta, was tumultuous. Thousands of cheering people lined the streets as the visitors were driven through the mud-brick capital of Ouagadougou in a motorcade.

Tour of Black Africa Shatters Afrikaners' Preconceptions

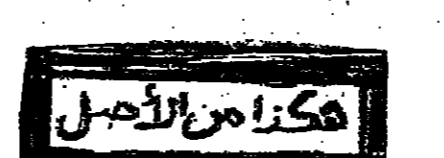
The South Africans attended a State of the ANC delegation, Thabo Mbeki, who is House banquet where President Thomas, the organization's information director, then in his palace garden. They also were driven into the countryside to plant trees to help halt the encroaching desert and to commemorate what Captain Sankara called "a real black nationalist."

In Ghana, the welcome was less spectacular but equally warm and, for the Afrikaners, even more meaningful. This is the spiritual birthplace of African nationalism, whose leader, Kwame Nkrumah, launched a pan-African campaign against apartheid and was turned sharply to Mr. Mbeki and demanded: "Do you really trust these whites?"

"Yes," came the instant reply. "There is nothing in a person's color that defines his politics."

Until then, many of the whites had remained skeptical of the organization's repeated declarations at the conference of commitment to the principle of multiracialism and their assurances that they harbored no dark thoughts of racial revenge.

However, the skepticism seemed to disappear as the whites heard the ANC delegates defend the same position again and again before critical black audiences. Some expressed the belief that, far from being exploited, the commitment to multiracialism was a political liability held out of conviction despite pressure from extremists.



Ortega Says U.S. Scandal Shows Weak Democracy

By Stephen Kinzer
New York Times Service

MANAGUA — The U.S. congressional hearings on the Iran-contra affair show "the decomposition of the so-called democracy in the United States," according to President Daniel Ortega Saavedra of Nicaragua.

Speaking Sunday to a crowd of tens of thousands of Nicaraguans in the northern city of Matagalpa on the eighth anniversary of the Sandinist revolution, Mr. Ortega said the United States was continuing to plan direct military intervention against Nicaragua.

He charged that the Reagan administration was not seeking a negotiated solution to the conflict between the Managua government and U.S.-backed rebels, known as contras.

In his first substantial public comment on the Iran-contra hearings, Mr. Ortega ridiculed President Ronald Reagan's assertion that he was not told that the contras would receive profits diverted from secret U.S. arms sales to Iran.

"If it is true that President Reagan did not know," Mr. Ortega said, "what this shows is that the president of a world power is not aware of what is happening in his offices, his basements, his hallways and even in the White House itself."

Mr. Ortega spoke in Matagalpa's central plaza, where many in the crowd had arrived on government trucks and buses from outlying areas. He estimated the current size of the contra force at 6,000, but Western diplomats in Managua have put the figure at about twice that.

Since the U.S.-backed war against the Sandinist government began in 1980, Mr. Ortega said, there have been 43,176 Nicaraguan casualties. He said Nicaraguan export earnings fell from \$450.4 million in 1980 to \$229.8 million last year.

"The principal cause of our economic problems is the terrorist policy of interventionism that the United States has launched against Nicaragua," he said.

"The United States does not want any kind of negotiation," Mr. Ortega continued, "and this is something the Nicaraguan people and the international community must see clearly."

As is his custom in major speeches, Mr. Ortega expressed solidarity with the Palestinian cause and with opposition movements in Haiti, Chile, South Africa and Puerto Rico. He added an expression of support for the government of Panama, which he said "is today threatened by Yankee imperialism."

The Reagan administration has refused to open talks with Nicaragua, suggesting instead that Nicaraguan leaders negotiate with the rebels. Nicaragua has rejected this formula.

The principal foreign dignitary at the ceremony in Matagalpa was Oliver Tanbo, leader of African National Congress. Mr. Tanbo, who was given a medal, said South Africans and Nicaraguans "face the same enemy, imperialism."



SERENADING THE SANDINISTS — Kris Kristofferson, an American singer and songwriter, raising his fist in salute during a concert in Matagalpa, Nicaragua. Mr. Kristofferson performed a song he wrote in honor of the eighth anniversary of the Sandinist government's overthrow of General Anastasio Somoza, the former president.

Reagan, Heartened by U.S. Reaction To North, May Seek More Contra Aid

By Gerald M. Boyd
New York Times Service

WASHINGTON — White House officials, bolstered by what they see as the positive portrayal of their Nicaraguan policy in the Iran-contra hearings and by the recent military efforts of the anti-Sandinist rebels, said the Reagan administration was convinced that the president now had a stronger case to seek more aid for the insurgents.

Officials said President Ronald Reagan is close to deciding on whether to make the request, which would be an important display of confidence by Mr. Reagan and his top aides, who several months ago regarded any continued U.S. assistance as a major question mark.

The officials said there was strong support for seeking the increased financing, primarily from the State Department and from Mr. Reagan's political advisers, who said there has been a rise in public approval for such assistance after the congressional testimony last week by Lieutenant Colonel Oliver L. North.

"There has probably been more attention drawn to the actual policy over the period of the last couple of weeks than had been in the past," said Thomas C. Griscorn, the White House communications director, on Sunday.

Officials said that Mr. Reagan would likely make a decision after he reviews the recommendations from the State Department, the staff of the National Security Council and other top White House officials, including Howard H. Baker Jr., the chief of staff.

The request is likely to be made before Congress recesses next month, one aide said.

White House officials acknowledged several months ago that they faced an uphill fight when the president sought \$105 million for the rebels for the 1988 fiscal year.

By contrast, officials said the view was now emerging within the administration that it could effectively tell Congress that the financing should be increased to \$130 million to \$140 million and expanded to 18 months.

In addition, the White House officials said the administration felt it could now argue that the Nicaraguan rebels are beginning to make military gains.

Marlin M. Fitzwater, the White House spokesman, reflected that view last week when he said that the contras now had about 15,000 troops operating inside Nicaragua and that they are achieving "considerable success."

Tokyo Businessman Accused Of Illegal Data Sale to Soviets

By Susan Chira
New York Times Service

TOKYO — A Tokyo businessman illegally sold aircraft computer technology to Soviet officials here, the Tokyo Metropolitan Police said Monday.

The businessman, Minoru Shimizu, sold details of a computer program that calculates fuel-efficient flight plans depending on wind speed and direction, according to a Ministry of International Trade and Industry official.

Mr. Shimizu, 55, is the former director of the export division of the Tokyo Aircraft Instrument Co. Police said he probably will be charged with selling the information to Tokyo representatives of Aeroflot, the Soviet airline, and the Soviet trade mission in Tokyo, and will be prosecuted for theft and misappropriation of company property.

The case has been referred to the prosecutor's office.

Japan already is on the defensive over an illegal sale of technology to the Soviet Union, in which the Toshiba Machine Co. was found to have exported military sensitive propeller-milling equipment. The United States claims that the illegal export enabled the Soviet Union to make quieter submarines.

The trade ministry official and the police said, however, that they did not believe that the technology was defense-related, nor that the sale constituted a grave security risk.

The trade ministry official said the type of computer involved in the case was a 16-bit computer, one that is not particularly technologically advanced, and the program was calculated based on information published in the United States.

Nonetheless, he said, even 16-bit computer technology is barred from export to the Soviet Union under Japan's foreign exchange and trade control law.

American airline companies already use this automatic fuel-efficient computer program, the official said.

According to the trade ministry official and the police, Mr. Shimizu photocopied the information without the knowledge of others in his company and sold it between 1984 and this past April to Y.G. Pokrovskii, a Soviet trade official in Tokyo, and Y.N. Demidov, a Tokyo representative of Aeroflot.

According to Japanese press reports, Mr. Shimizu gave the officials the information in several installments and received payments that may have totaled tens of thousands of dollars.

Because Mr. Shimizu sold the information to Soviet officials in Tokyo, the official said, the sale was got technically an export and Mr. Shimizu will probably be charged with stealing the information from his own company and using his position to misappropriate company secrets.

An official of the Tokyo Aircraft Instrument Co. refused to comment on the case.

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Magazine Says North Leaked Details Concerning Achille Lauro Hijacking

NEW YORK — Newsweek magazine has disclosed that Lieutenant Colonel Oliver L. North leaked details to the magazine about the interception of the Italian cruise ship Achille Lauro operation, although he complained at the Iran-contra hearings that revelations by congressmen about the mission had compromised sensitive intelligence.

In his testimony before the congressional committees investigating the Iran-contra affair, Colonel North said that he had lied to Congress about his actions because he felt its members often leaked sensitive information.

As one example, he discussed the hijacking by Arab extremists of the Italian cruise ship Achille Lauro in October 1985, in which an American tourist, Leon Klinghoffer, was killed.

After the ship's passengers were freed, U.S. planes intercepted an Egyptian plane carrying the men believed to be the hijackers. A Newsweek article about the incident contained many behind-the-scenes details of the interception.

In its latest issue, Newsweek noted that Colonel North testified at the Iran-contra hearings that "a number of members of Congress" made revelations about the Achille Lauro operation "that very seriously compromised our intelligence activities."

"But the colonel did not mention," the Newsweek article continued, "that details of the interception, first published in a Newsweek cover story, were leaked by none other than Colonel North himself."

Neil Hensberg, editorial communications manager for Newsweek, said he could not say whether the details the colonel disclosed to Newsweek were the details said by the colonel to have compromised intelligence activities.

Webster Delaying Any Shake-Ups

WASHINGTON — William H. Webster, the director of central intelligence, will abide by his previously stated plans to make no decisions on personnel changes before the inquiries into the Iran-contra affair are completed, according to a CIA spokeswoman.

The spokeswoman, Kathy Pherson, made her remarks Sunday in response to articles in the Los Angeles Times and The New York Times. The papers reported that Mr. Webster had decided either to replace the head of the CIA's clandestine service, Clair George, and one of Mr. George's senior deputies, Duane C. Clarridge.

Mr. George and Mr. Clarridge worked with Lieutenant Colonel Oliver L. North, the former National Security Council aide, and William J. Casey, the late CIA director, who were deeply involved in the Iran-contra affair.

CONTRA: Poindexter Tells Panel He Has 'No Regrets'

(Continued from Page 1)
ter the decision was made to go public.

Representative Dick Cheney, Republican of Wyoming, said, "The reason for not misleading Congress is a very practical one. It's stupid. It's self-defeating. 'Eventually,' he added, "you destroy the president's credibility."

Senator William S. Cohen, Republican of Maine, said the result would be "catastrophic" for the American form of government if Congress and the executive branch continued to "lie to each other or withhold information or... alter or shred documents."

He said that officials of the various administrations, as well as members of Congress, were guilty of leaking of sensitive secrets.

But he said that Congress's response had not been to cut off covert operations. By the same token, he said, the administration can't say, "Let's get a private band of black-bag specialists who will be

unaccountable to anyone except the president, if we decide to tell the president."

When Senator Paul S. Trible Jr., Republican of Virginia, turned his attention to the honor code in effect at the U.S. Naval Academy, Admiral Poindexter replied heatedly.

"I have always lived by the honor concept and I still live that way today," he said. "My whole time as national security adviser I worked very hard to do the best that I could to protect the national security of the United States. I don't have any regrets for anything that I did."

"I think that the actions I took were in the long-term interests of the country," he said.

At one point, he was asked about a statement that Attorney General Edwin Meese 3d made on Nov. 26 that the admiral knew only generally about the diversion of Iranian arms sales proceeds to the contras.

The admiral said, "I didn't sug-

Webster Delaying Any Shake-Ups

gest that Mr. Meese say that. You'll have to talk to him about it." He added, "I don't plan to."

Admiral Poindexter said he periodically informed Mr. Reagan of certain aspects of the contra resupply effort. He said Mr. Reagan knew that Colonel North was the principal National Security Council aide involved in the project.

Mr. O'Neill, from his home in Massachusetts, said Admiral Poindexter's accusation that he had delayed aid to the contras was "not true," and that "I never deliberately slowed them down."

Mr. O'Neill, who opposed aid to the contras, said Admiral Poindexter "still doesn't have a real good idea of how Congress operates." He said the delay in final approval for the assistance was the result of the normal legislative process.

Admiral Poindexter was scheduled to end his testimony on Tuesday. (AP, JPI)

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GULF: Support Hinted

(Continued from Page 1)

Soviet Union, into international efforts to end the Gulf war, which began in 1980.

The war has produced strains in Kuwait between the Sunni Muslim majority and the Shiite Muslim minority. The Shiites share the faith of Iran's Islamic revolution.

Some diplomats in Kuwait suggested that Iraqi acceptance of the UN resolution might produce a de facto cease-fire in the attacks on Gulf shipping since Iran has insisted that it only responds to Iraqi attacks on Iranian shipping.

According to a Western diplomat, however, a halt in the shipping attacks would strengthen Iran more than Iraq because Iran is far more dependent on the Gulf trading routes and thus would be free to concentrate on land battles.

The refueling of Kuwaiti vessels has yet to be unequivocally endorsed by other Gulf leaders, and some analysts in the region argue that Kuwait's action has increased the risk of an escalated conflict. Additionally, some Arabs in the Gulf have questioned the need for an effective alliance with the United States, which has been depicted by Arab critics as a foe of the Arab world.



Sheikh Saad al-Abdullah al-Sabah, left, Kuwait's prime minister, at a news conference with the information minister, Sheikh Nasser Mohammed al-Ahmed al-Sabah.

Asked at the news conference Monday if he trusted the United States, Sheikh Saad replied: "Well, we are friends. We have to trust each other. If we don't trust each other, how could we live?"

Iran Steps Up Searches

Shipping sources said Monday that Iran had stepped up checks on merchant shipping in the Strait of Hormuz. Reuters reported from Dubai.

But Iran has not attacked any vessels since a French gunboat raid by Revolutionary Guards a week ago on the French container vessel Ville d'Anvers.

Shipping sources said Iran's regular navy force of four frigates operating from the southern port of Bandar Abbas, at the mouth of the Gulf, has been unusually active in challenging merchant shipping in the past few days.

Iran's war communique on Saturday reported that 14 ships and tankers had been stopped and searched the previous day.

SATELLITE: Until Launch Hiatus Ends, U.S. Military Works to Salvage Aging Craft

(Continued from Page 1)

generally shown surprising longevity.

Yet they cautioned that several key satellites were operating on final backup systems, threatening serious gaps in some aspects of communications, space-based reconnaissance and early warning.

The problems started with well-publicized disasters that grounded the nation's two most powerful satellite launchers: the explosion of the space shuttle Challenger in January 1986 and the failures of Titan-34D unmanned rockets in 1985 and early 1986.

The big Titan is expected to begin taking up payloads again sometime this year, marking an important step in recovery from the launcher failures.

The precise impact of those failures on military satellites is a closely guarded secret, since knowledge of gaps might be exploited by an enemy in wartime. Nevertheless, military officials have taken pains to address the issue publicly in general terms, and civilian space experts have filled in details.

The greatest risk, experts said, is occurring this year. By 1988, the Pentagon will start firing some of the 56 new rocket launchers it has ordered, allowing the replacement of military satellites of any size.

"We're in a precarious position," said Brigadier General Earl S. Van Inwagen, chief of operations at the Air Force Space Command in Colorado Springs. "On some of our critical systems, we're in single-point status, meaning that if we lose any one of several components, we could be in a very serious trouble."

Civilian experts agreed. The Union of Concerned Scientists, a private group based in Cambridge, Massachusetts, recently warned that the launcher difficulties had put "some space-based national security functions in potential jeopardy" and added that the threat of "dangerous shortfalls" would con-

Seoul Opposition: Demands, Rifts

By Nicholas D. Kristof
New York Times Service

SEUL — As the government and the opposition prepare to negotiate a blueprint for democracy in South Korea, the atmosphere is sizzling with a stream of new demands by the opposition.

The opposition also is turning upon itself. The two main opposition leaders, Kim Dae Jung and Kim Young Sam, are skirmishing for the nomination for president, and various dissident groups are holding sit-ins in the opposition party headquarters to gain more attention for their causes.

"I've been struck by the rapidity with which the knives have been drawn," said a Western diplomat in Seoul, referring to the rivalry between "the two Kims," as they are known.

The opposition's lack of conciliation, internally and externally, could hurt its chances in a presidential election later this year. It will also complicate bargaining with the ruling party on the details of the next constitution.

Will the next president serve four years or six? Will 18- and 19-year-olds be allowed to vote? Will there

be a vice president? Will the preamble to the constitution mention the massacre of anti-government protesters in the southern city of Kwangju in 1980?

The ruling Democratic Justice Party and the opposition Reunification Democratic Party disagree

NEWS ANALYSIS

on each of these points, and the battles could be heated. It is even possible that the parties will be unable to agree on a constitution, in which case nobody knows what would happen.

What is confounding the process, foreign diplomats and local analysts say, is Korea's go-for-broke bargaining style, in which compromise is often scorned as a sign of weakness.

"Koreans can be bloody hard-nosed," said a foreign banker working in Seoul. "Just look at the way they drive; they never let anyone go in front of them. That's a bad sign for the summer's political bargaining."

The breakthrough three weeks ago when President Chun Doo Hwan agreed to free political pris-

oners and allow direct presidential elections is sometimes described as a triumphant compromise. In fact, many analysts in Seoul say, it was not a compromise at all: the government simply caved in to opposition demands.

The opposition has not compromised on a single matter since then. Instead, it has been making new demands. The two Kims, for example, say that the prime minister must be replaced, that a neutral cabinet must be appointed from all sectors of society, that the police must stop using tear gas, and that Mr. Chun should resign from the Democratic Justice Party.

The opposition is not simply being obstinate. Its leaders feel that they must keep up the pressure for change, and they fear — with good reason, Western diplomats say — that unless they extract further concessions the government may manipulate the election.

"The majority of people still doubt whether the Chun Doo Hwan government will carry out direct presidential elections, according to the free will of the people," Kim Young Sam said in an interview.

Such mistrust seems to be at the heart of the frictions. Opponents of the government have been imprisoned and tear gassed too many times to trust the government's conversion to democracy. Officials of the ruling party, on the other hand, seem to regard the new demands and continuing demonstrations as proof of the opposition's bad faith.

"Already there's a feeling among some people in government that they've gone too far, that they've let dangerous radicals out," said a Western diplomat in Seoul. "I'm not sure there's a lot of give left in the government."

The opposition may be reluctant to compromise partly because it has always thrived by criticizing government intransigence, and it may see no reason to change its strategy.

Some of its proposals, such as the 18-year-old vote, would also be a big help in the election, and so both sides may fight hard for their own positions.

In the meantime, all kinds of citizen groups are seizing upon the uncertainty of the moment to demand attention to their causes.

Korea Plan Would Bar Presidential Bid by Kim

United Press International

SEOUL — Officials of the ruling Democratic Justice Party said Monday that they would campaign for a residency requirement in South Korea's new constitution that would bar Kim Dae Jung, a leading dissident, from running for president.

The move came just as the ruling and opposition parties were to begin working together on the new constitution, which would allow direct election of the president.

Parliamentary leaders of the two opposing groups met for the first time since President Chun Doo Hwan agreed on July 1 to allow sweeping political reforms.

The constitution currently says that presidential candidates must have resided in South Korea continuously for the previous five years. Ruling party lawmakers said they hoped to retain that clause in negotiations with the opposition.

"That would bar Mr. Kim from the presidency because he only returned from self-imposed exile in the United States in February 1985. The opposition Reunification Democratic Party opposes the residency provision."

Tough bargaining is expected over these other disputes:

- The ruling party's version of the constitution would retain sweeping emergency powers for the head of state and would reject a formal ban on military intervention to resolve a political crisis. The opposition opposes this.
- The party's draft version calls for a single six-year term for the president. The opposition proposes terms of four years, with re-election permitted once.
- The governing party also opposes an opposition demand that the voting age be lowered from 20 to 18. Many of the 1.2 million people who would be allowed to vote under a lower age requirement are believed to favor the opposition.

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ARTS / LEISURE



The Glass House at New Canaan, Ct.

Reflections in the Glass House That Philip Johnson Built

By Joseph Giovannini

NEW CANAAN, Connecticut — "All architects want to live beyond their death," said Philip Johnson, sitting in the living area of his Glass House here, reflecting on why he has given it to the National Trust for Historic Preservation. "There's room for 12 houses on the land — I'd rather preserve it than have a tacky tacky subdivision built. And I'd like to build up a national trust."

Johnson, for nearly 40 years the owner of the Glass House, which he designed for himself, has recently become its tenant. In December he completed negotiations, started in the 1970s, to transfer the house and grounds to the Trust.

While the 81-year-old Johnson still spends weekends dining and reading in the Glass House, sleeping in the brick guest house opposite, working in a small library in a nearby meadow, his estate of eight separate structures has become one of 18 National Trust properties.

He can occupy the house as long as he wants, but when it opens to the public it will be the trust's only abstract modernist building, and its only home designed by an architect for himself. A built record of Johnson's ruminations, the complex will be an American equivalent of Sir John Soane's house and museum in London.

Dressed casually in a sweater, and wearing rubber boots because he had just walked across the wet meadow from the study, Johnson spoke of the house as he sat on a Mies van der Rohe chaise longue, among Mies chairs, in a glass-and-steel building itself inspired by Mies. The furnishings in the open-plan, free-span house had not been changed or repositioned since he placed them there 38 years ago.

It was just after World War II and Johnson, as director of design and architecture at the Museum of Modern Art, was working with Mies on the approaching show of Mies's work when he was introduced to the possibility of a glass house. "Mies had mentioned to me as early as 1945 how easy it would be to build a house entirely of large sheets of glass," Johnson said. "I was skeptical."

For three years he worked on a design, and in 1949 completed the structure along with a brick guest house. The Glass House was symmetrical, serene and entirely enclosed in glass — the woods could be seen through glass panes that themselves reflected the woods. Anyone in the house essentially occupied the landscape; Johnson went to bed with deer watching.

Because he was his own client and willing to live in an architectur-



Philip Johnson at home.

ally ideal uncompromised by conventional notions of privacy and convenience, he was able to create a pure Miesian vision: a classically proportioned frame with meticulously detailed, finely proportioned steel limbs. "More Mies than Mies," the Princeton architect Michael Graves has said.

The press and students came. So did Mies and Frank Lloyd Wright. "Mies thought the workmanship was bad, that the design was bad, that it was a bad copy of his Farnsworth house, which had inspired me," Johnson said. "He thought I should have understood his work better." Mies also disapproved of the ceiling joists being of wood.

Wright, walking through the door, asked whether he should take his hat off or leave it on. Like a lightning rod, the house has drawn critics and controversy over the decades. "By surrounding his house with all glass instead of much glass, Philip Johnson has stepped through the mirror," wrote the editors of Architectural Forum soon after the house was finished.

Serge Chernyayev, a professor of architecture at Yale, said, "Imagine

living in a house where you carry the garbage out the front door."

The house attracted many guests, and for about two decades the animated, opinionated, insatiably curious Johnson held a salon. Open-glass-house, however, finally came to a stop, he said, "with my wish to work on weekends." The architect normally lives in New York during the week and uses the house as a weekend retreat.

While the house never changed, the surroundings did — the property became a canvas and a laboratory. "I learned that a pavilion in the woods is suffocated by the trees," he said. "They close in. The wallpaper needed pushing out."

Johnson bought several adjacent parcels of land and started to build other structures in the reaches of the new property, designing the grounds to make a picturesque landscape with borrowed views and several meadows on several levels. He created a small lake at the bottom of the rock shelf on which the house sits. Thinning the trees revealed the old stone walls of the original farm land.

He added a miniature pavilion of

columns in the lake in 1962, an earth-buried "underground" gallery in 1965, a white sculpture gallery with a glass roof in 1970, a walled study under a conical roof in 1979, a monumental free-standing staircase in 1985 and, most recently, a ghost of a structure: a tulip cage made of chain-link fencing set atop the foundations of a ruined farm building. All the habitable structures other than the Glass House have solid masonry walls with very few windows.

A veteran of a thousand tours of his property and house, Johnson listens attentively to comments as he opens doors, shoulders movable picture walls, points out the landmark trees, notes influences. Still holding a pencil from an afternoon of drawing, he pointed out the newly renovated bathroom in the brick house, surfaced in marble with dramatic veining. The sculpture gallery has stairs that step in a square spiral down several levels, as at the Guggenheim Museum in New York. "That was a period in the 1970s of unfaithfulness to the Glass House," he remarked.

But all views and paths lead back to the Glass House, which remains the command station for the property. Unlike the other buildings, it shows no sign of age and little sign of fashion.

"I feel it was one of the most significant houses of the period," said Frank Sanchez, a vice president of the National Trust. "It changed the way a house looked, with an open plan and a new relationship between the outside and inside."

"I'd never do it again — I'm numb when I think about the Glass House," Johnson said. "I feel now it's a vacuum. I never think of the house except for repairs: the most interesting house is the one I'm going to do next."

Still, he defends it. "I was brought up on a sleeping porch, so I'm used to this," he said. "It's very livable because, like anything else, you adapt to it. When it's too hot you eat or sleep outside. In a house like this, you live in the weather — it's a changing shoal."

As the day draws to a close he walks among the reflections in the glass, through the shadows of trees that fall through the glass, and it is clear that he is completely at home here. The Mies chairs are for him like old familiar armchairs: the Glass House like a comfortable den, and the landscape simply the outermost boundary of his house. From outside, through the glass wall, his figure can be seen as he reclines on the chaise, reading, profiled against the far woods and the sky that, because of the house, have become his second nature.

Delights of the Ravenna Festival

By William Weaver

RAVENNA — Founded only last year, the Ravenna festival has already confirmed its prominent place in the rich summer feast of music in Italy. Properly this series of events is entitled "Ravenna in Festival," an appropriate denomination because, although the city's two theaters are well exploit-

ed, activities spill over into the squares and monuments.

A typically original feature is the weekly reading from the "Divine Comedy" at the tomb of Dante, where the readers include not only well known actors but also eminent figures like the distinguished poet Giorgio Caproni and the composer Luciano Berio.

But this, after all, is Italy, and so

most Italian festival means opera. The Ravenna program includes some standard repertory works with international stars: "Carmen" with Agnes Baltsa, "La Forza del Destino" with Carlo Bergonzi. But to opera specialists, the central occasion of the crammed calendar is the revival of Donizetti's "Alina, Regina di Golconda," being staged for the first time in almost a century (the last performance of record seems to have been in 1891).

Written in 1828 for Genoa, "Alina" is a work of Donizetti's youth, though there is nothing tentative about the ebullient and inventive score. At times, the shadow of Rossini seems to fall across the stage, but it is not an unwelcome presence. Donizetti, even at the age of 30, knew how to absorb influences and profit from them.

Last week's performances in the lovely Teatro Alighieri clearly showed that "Alina" deserves revival and a wider audience. The libretto is a light-hearted fantasy about a girl from Provence who becomes first a slave, then an Oriental queen, with some elegant verses by Felice Romani, who later wrote "Anna Bolena" and "L'Elisir d'Amore" for the composer. But most-

ly the text is a series of situations that offer pretexts for singing, impassioned or witty or wistful.

The title role is extremely demanding, but also enchanting when sung as it was here by the appealing young Daniela Dessi. She was alternately vulnerable and imperious, pert and pyrotechnical. Only at the very end of the long evening was there some sign of strain, more than understandable and forgivable. She was supported by a strong cast: the virtuoso tenor Rockwell Blake was the perfidious Seide, while the lyrical baritone Paolo Coni was impressive as the romantic Volmar. As a pair of comic confidants, Adelia Tabiador and Andrea Martini were musical, funny and well-matched. Antonello Alemandi conducted the Emilia Romagna Youth Orchestra with enthusiasm (though occasionally with ensemble troubles).

The opera was a delight to watch: Lorenza Codignola's direction was bright but never russy, and Pasquale Grossi devised versatile, beautifully exotic sets and magical costumes.

William Weaver is a writer and translator who lives in Italy.

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INTERNATIONAL Herald Tribune

In Moscow's Direction

All these years Moscow has been on the outside of peacemaking in the Arab-Israeli dispute. Now it prepares to be on the inside. It is putting new steam behind its old favor for an international conference, a format that would remove Middle East peacemaking from exclusive American auspices.

America as Haven

It sounds like a sensible and humane use of discretionary power: Attorney General Edwin Meese has directed the Immigration and Naturalization Service to be more generous in considering the claims of undocumented Nicaraguans for political asylum.

Other Comment

For 'Decisive, United Action'

French pride, cynicism and the recurrent strain of phobia against Britain and the United States all have contributed to the serious diplomatic breach with Iran which could lead to an outbreak of armed hostility.

An Unpredictable Gulf

On the face of it, Iran's mission to the next American moves might seem to be decided in much the same way as in other countries, except for the veto power of the Imam.

The Germans Could Do Better

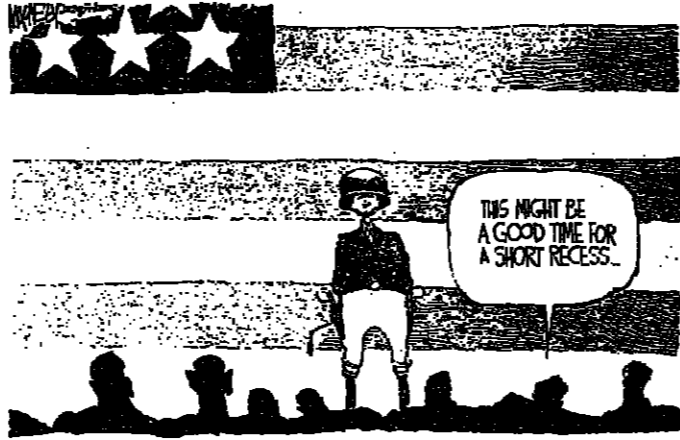
Sluggish growth, high unemployment, high taxes, weak business investment, rigid markets and huge public subsidies: These are some of the main characteristics of the West German economy in the late 1980s and some of the reasons why the former miracle economy no longer deserves to be a model for the rest of Europe.

The People Have the Right to Be Wrong

By Irving R. Kaufman

The writer is a judge of the United States Court of Appeals for the Second Circuit, where he has served as chief judge.

NEW YORK — The congressional hearings on the Iran-contra affair have underscored some of the fundamental principles of the republic — appropriately, at the very time Americans are celebrating the bicentennial of the Constitution.



'Let the Old Men Be Silent ...'

HOW often has an angry officer protested that he is the true patriot, and that his civilian accusers are the true enemies! General Raoul Salan and Colonel Antoine Argoud took this line, on trial for rebelling against the state after the lost war in Algeria.

Reflagging: What Went Wrong Still Goes Wrong

By Philip Geyelin

WASHINGTON — The insider's analysis by Robert McFarlane of "what went wrong" when Ronald Reagan and the U.S. Congress first found themselves at daggers drawn over aid to the Nicaraguan contras, deserves a lot more attention than it got.

Arms Control: But What About the North Pacific?

By Andrew Mack

CANBERRA — The broad interest generated by the proposal of a European-based European Disarmament and Security Conference in the United States and the Soviet Union is in part a response to an abysmal lack of progress on nuclear arms control during the past eight years.

OPINION

With Iran, Shady Deals Don't Pay

By Flora Lewis

PARIS — France in its turn is learning the wages of trying to make what Ollie North called a "deal" with Ayatollah Khomeini's Iran.

It may be of some help that the UN Security Council is about to vote a resolution demanding an end to the Gulf war, with an implicit threat of a generalized arms embargo against Iran if it refuses.

As a French diplomat noted last week, they all know that most of Iran's arm supplies are delivered clandestinely, often with the knowledge of governments but through channels they do not admit.

But it is not just current profits that motivate the reluctance of the rest of the world to face Iran in the one way that could be effective — that is, isolate it as completely as possible and leave it to the quarreling factions inside the country to establish a regime that could work its way out of quarantine.

Tehran understands the calculations and inhibitions of the West, and of the Communist and Arab states for that matter, and does not hesitate to play on them.

On the home front Mr. Chirac also wanted to show that he was tougher than the Socialists on internal security. The police were ordered especially to crack down after the wave of Paris bombings last September.

Domestic politics and bureaucratic rivalries led France into the impasse. Prime Minister Jacques Chirac wanted to show that he could do better than his Socialist predecessors in liberating the hostages in Lebanon and making friends, despite his widely known role of having launched France's huge arms deal with Iran.

On the home front Mr. Chirac also wanted to show that he was tougher than the Socialists on internal security. The police were ordered especially to crack down after the wave of Paris bombings last September.

The question remains whether the lesson has been learned. How many other countries, how many other politicians will draw the conclusion that they will fare no better than Mr. Reagan or Mr. Chirac at trying to butter up the Khomeini regime? The price of self-delusion is high.

The New York Times

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Italians Approve

ROME — Italian public opinion is enthusiastic over the daring action of the Italian torpedo boat flotilla in going to Nagara, nearly half-way through the Dardanelles, where the Turkish fleet is at anchor, despite a hot fire from the forts on both shores.

1937: Fighting in China

SHANGHAI — The entire district around Peiping was the scene of fierce fighting between Chinese and Japanese troops (on July 20) as all diplomatic efforts at Nanking and Tientsin failed to avert an outbreak of hostilities. The Japanese bombarded Wangjing, west of the former capital, twice in the course of the day, but in the evening the Chinese were still in possession of the town, although several buildings were wrecked and the Chinese batteries were silenced.

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OPINION

A Korean Tang of Liberty Spices the Winds of Asia

By A.M. Rosenthal

SEoul — It is hot, muggy and rainy here and any day the streets may be filled again with riot and tear gas. But it is a wonderful time to visit Seoul. The city has the tang of liberty, clear and heady. Yes, everybody knows that although political freedom is within grasp, it can

ON MY MIND

still slip out. There is fear that either furious generals or the strong radical fringe within the student movement may try to destroy the goal of the South Korean revolution: a quick, peaceful transition to democracy.

The fears are really but so is the particular significance of the democratic revolution of June 1987; if it holds it will have an importance that will reach beyond this striving land.

The Philippine revolution of 1985-86 was an emotional spur acknowledged openly by the opposition here, and privately by the government.

But there are countries in Asia and the Pacific with a great deal more in common with the prosperous, freshly industrialized, competitive kind of country that South Korea has become than with the impoverished Philippines, Malaysia, Singapore, Taiwan or Hong Kong.

This city is an economic volcano: skyscrapers everywhere, miles of markets in the streets — a world of energy, hustle and intense commercial creativity, bouncing day and night. It erupted out of the talent and determination of a people who seem genetically incapable of giving

A Coming Together in Asia

ONE RESULT of the flow of market economics and democratization is that the peoples of this region are starting to see themselves as something more than strangers who just happen to live in the same chunk of the map. Australians are looking less to Britain, more to Japan; South Koreans campaigning for democracy this spring not only looked to the Philippines for an example, they flew in a lot of Filipinos for advice. There is no telling what this process will lead to, but it could change the world more than anything since the rise of America.

— The Economist (London).

in, either to a history of oppression or to their own rocky, scrubby land.

In the first half of this century, Japanese colonialists ruled Korea with brutality and contempt. Then, after World War II, the United States kindly allowed the Russians to occupy the northern part of the country, temporarily of course. The Koreans paid the price for American stupidity; one nation was cleft in two.

That cost the lives of hundreds of thousands of South Korean, American and other allied soldiers when the North Koreans attacked in 1950. Then came a quarter century of South Korean military dictatorship — which in the beginning Washington could have prevented by insisting that the generals return to barracks with their American weapons.

But the energies of South Korean workers and businessmen brought prosperity. Still they yearned for something more: political liberty.

American specialists kept telling South Korean democrats not to push hard, warning that Korean traditions and Confucian heritage were incompatible with swift movement to democracy, you see.

The South Koreans did not see. Year after year opposition leaders were jailed and beaten and year after year students battled in the streets for a free political system. They did not seem to think freedom was antithetical to Confucian tradition, or maybe didn't care if it was.

Last month, a thought struck a former general called Roh Tae Woo, who was supposed to be the military's handpicked winner in the coming presidential election: If you can't beat them, join them.

He gave in to almost all the demands for democratic freedoms made by the people in the street, mostly because he knew their parents were behind them.

Mr. Roh is a much more relaxed man now than when we met here about 18 months ago. Then he was a hard-liner and had not seen the wisdom of such things as a free press. He knows that his stroke of political bravery has turned him from a threatening figure to a potential winner in a free election.

But he is no hero to Kim Dae Jung, who has been imprisoned by the military, tortured, kidnapped, sentenced to death, relieved, arrested again, but has always remained a democratic political force. In late 1985 he was under house arrest and there were more government goons outside than paving stones. Now his door is open and people sit in a carpeted street to listen to him speak. He would like to be president. So would Kim Young Sam. If they both run and split their vote, Mr. Roh will win. But if only one Kim runs, that Kim will occupy the presidential palace called the Blue House. In any case, South Korea's bracing political weather will be carried by the winds of Asia.

The New York Times.



LETTERS TO THE EDITOR

If Mother Isn't Home, Perhaps It's Uncle Sam's Fault

In response to the report "Marine General Assaults U.S. Working Mothers," (June 28) by George C. Wilson:

General Kelley was a decorated battalion commander in Vietnam. Perhaps if Presidents Lyndon Johnson and Richard Nixon had raised taxes to pay for that stupid and crippling war, the U.S. dollar would not have been undermined by inflation during the 1970s, thus rendering it impossible for a couple raising children in the 1980s to buy a home and enjoy the standard of living (including mother in the home) that was possible in America from 1945 to 1965.

There may be a problem with the moral fiber of youth, but I doubt it. Today's young people have accomplished, among other things, the famine relief of Live Aid and U.S.A. for Africa. General Kelley was born in the late

1920s, raised through the '30s and '40s, commissioned as a second lieutenant in 1950. When he was a boy, and Mother was in the home and prayers were said daily in school, before World War II, the entire U.S. army numbered only 185,000 men. We now have huge forces out there in the red ink somewhere. I wonder if there is a connection between these things and the decline in moral fiber that the general perceives.

Finally, it is my impression that there is a great, enduring and even increasing love for America by its citizens — but not for the government, and particularly not for this vacillating and inept administration. And this is as it should be.

I wish General Kelley a full and exciting retirement, with the time to think about these things.

PAUL BIRCHARD, Glasgow, Scotland.

Correction

Hobart Rowen writes: In a recent column (IHT, July 9) I referred to an article in the West German newspaper Die Welt which sharply criticized the reorganization plan of Herbert Coubé, president of the World Bank. I said erroneously that Die Welt had observed that most foreigners employed at the bank anticipated comfortable, lifetime jobs. Die Welt had attributed the "comfortable job for life" remark to Mr. Coubé, who was reacting to the outrage of fired employees.

PATRICIA STRACHAN, Barcelona.

Working Mothers in the Firing Line

By Colman McCarthy

WASHINGTON — In a valorous display of blood and guts, America's top marine has done battle with the civil force causing the weakening of America's moral fiber. It is working mothers, said General Paul X. Kelley, who retired at the end of June as the Marine Corps commandant.

"Fifty percent of the mothers of today work," declared General Kelley, apparently referring to the half who are paid for their work. "And that means that a number of our children are not getting the kind of upbringing in their home that you and I had. Instead, their moral upbringing is being dictated by some nameless, faceless child-care center." ("Marine General Assaults U.S. Working Mothers," by George C. Wilson; IHT June 27.)

Reporters had asked if recent marine behavior — from the secret-for-sex crowd in Moscow to Lieutenant Colonel Oliver North in Washington — meant a lack of moral fiber in the corps. Instead of putting out his bemuddled chest and taking his share of the blame, General Kelley played the coward. He ran from many answers, then hid behind a wall of slogans and Pentagon bromides.

He could not duck the crossfire. Representative Lynn Martin, Republican of Illinois, said that "most marines don't

blame their mommies when things go wrong. I wish Kelley hadn't either."

General Kelley's search-and-seizure mission against mothers and assorted evils was not a random blowup. Ten days before, he prepared a farewell speech for

MEANWHILE

his retirement ceremonies. In it, he whined about insubordination on Capitol Hill: There is "a growing attitude in the Congress which places more credence in the views of staff members on matters dealing with national security than in the views of the service chiefs. ... We must reverse this trend, and make a conscious effort to restore cordial and substantive relationships between members of the Congress and the service chiefs."

This was a call for the good old days of good old boys like Representative L. Mendel Rivers and Senators Barry Goldwater and John Tower. They ran their armed services committees like windup dolls. Get a general, let him whisper a few classified lines of the Russians-are-ahead-of-us scare talk and the committee would salute and say: Estimate, wise general, how many billions you want for your new weapons that won't work and aren't needed, and we'll double the amount to cover overruns, waste and fraud.

Now the armed services committees have such uncordials as Representatives Carl Levin, Patricia Schroeder and Ronald Dellums. This prompted General Kelley's second gripe: There is "a feeling

among some members of our Congress that you can buy defense for our country 'on the cheap.' ... Stop wielding a "capricious budgetary 'meat ax.'" he said.

This is a war-horse in blinders. It has been an occasional lard ax that Congress has wielded on the flabby shanks of Pentagon pork. Overall, the military budget has not been lowered, only the rate of increases. Excessive development and production commitments have been made by the Weinberger Pentagon. The Congressional Budget Office believes that because of them, 40 percent of military spending will be beyond the control of the next administration when it takes power in 1989.

General Kelley had a final potshot — at the media and their "lynch mob mentality." He asked "responsible members of the media to strive for balance."

To obey his call for balance, I went into the history books. I found a Marine Corps commandant whose courage and brains led him to attack other enemies. General Smedley Butler fought myths. In a farewell interview in 1931, he said: "I spent 33 years [in the Marines] ... Most of my time was being a high-class muscle man for big business, for Wall Street and the bankers. ... I helped in the rape of half a dozen Central American republics for the benefit of Wall Street. ... In China in 1927 I helped see to it that Standard Oil went its way unmolested. ... I had a swell racket. I was rewarded with honors, medals, promotions."

Give us a few good men, say the marines. A few more generals like Butler and a few less Kelleys would do for now. Washington Post Writers Group.

The General's Mother Had to Work

MY RECENT comments in response to a question about the "moral fiber" of American youth were far more comprehensive than reported. Be that as it may, one of those comments demands clarification and elaboration, and that is my view on the working mother.

I sympathize with and support the widowed or divorced mother who, more often than not, has little or no choice but to work. When my mother became a "Gold Star Wife" during World War II, her widow's pension from a "grateful nation" was a mere \$75 a month. Needless to say, she was required to work just to put bread in the mouths of three children at home.

In the case of married couples, both the mother and father must make a personal determination as to whether both will work, a determination based on their own unique circumstances and desires. Again, all too often there is little or no choice.

With regard to alternatives for the care of their children during the day, the "haves" can usually make more satisfactory arrangements than the "have nots." This is one of my concerns. I am not opposed to working married mothers — or fathers, for that

matter — provided that both continue to accept total responsibility for and participate in the physical, moral and spiritual upbringing of their children.

The record clearly shows the enormous expenditure of my time and energy during four years as commandant of the Marine Corps in the improvement of family life for the men and women under me. This included significant efforts toward the improvement, both qualitatively and quantitatively, of our Marine Corps child-care centers.

I have proposed an institute to examine the subject of "Morality and American Youth" and to determine solutions where and when appropriate. One of its first projects should be to improve the availability of child-care centers for lower-income groups.

Now is the time for action to shore up for future generations the traditional values of love of God, love of country, love of family and love of fellow human beings. Is this too much to ask? Our parents did it for us.

— Paul X. Kelley, a former commandant of the U.S. Marine Corps, writing in The Washington Post.

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International financial services? We talk your language

TUESDAY, JULY 21, 1987

INTERNATIONAL STOCK MARKETS

Singapore Is Still Roaring, But Not Indiscriminately

By PATRICK I. SMITH International Herald Tribune

THE Singapore stock market's spectacular rebound is in its sixteenth month — just the age of the rally in neighboring Kuala Lumpur. But as virtually all analysts and fund managers interpret the indicators, it is hardly time for investors to walk away.

Both markets, which share a high proportion of their listings, are riding strong economic recoveries. They are expected to continue rising in second-half 1987 by anything from 10 percent to 30 percent, despite a string of nearly uninterrupted advances since April 1986.

But even more than its sister bourse in Malaysia, the Stock Exchange of Singapore is becoming a trickier market, not just an easy play on a handful of industrial, financial and property stocks that are traditional favorites with foreign investors.

"Last year all you had to do was buy the blue chips," said Marshall Auerback, a director at G.T. Management (Asia) Ltd., a unit of the London-based fund managers.

On Monday, the Straits Times Industrial Index ended at 1,398.04, up 6.17 points from last Friday and almost double its level a year ago.

In many respects, Singapore's overall recovery has gained momentum even faster than most analysts had anticipated. After growing 1.9 percent last year, gross domestic product is now expected to grow by as much as 7 percent in 1987, exceeding even the most optimistic predictions of a few months ago.

Corporate earnings, up about 45 percent on average last year, are forecast to add another 25 percent. The property market, in particular, has firmed rapidly across the board over the past four to five months, although prices are still 70 percent to 80 percent lower than peak levels reached in the early 1980s.

ALTHOUGH THE price/earnings ratio, at about 30, is near the top of its traditional range, liquidity is playing an even more important role than when the market's charge began. Given the growing uncertainty surrounding the Tokyo market, for instance, foreign institutions and Japanese investors have headed south in increasing numbers, leading local brokers say.

Encouraged by the market's steady climb, local investors are also more in evidence. This partly reflects their rising confidence in the market, analysts suggest, and partly a delayed response to the government's decision last year to allow a greater proportion of national pension funds to be invested in equities.

"There's still plenty of money waiting to get into this market," a local broker said. While not ignoring blue chips such as Singapore Airlines Ltd., DBS Bank Ltd. and Singapore Press Holdings Ltd., most analysts are focusing on consumer-related concerns, properties, and banks with exposure in property or securities dealing.

Hong Leong Finance Ltd., for instance, is viewed as an indirect play on the property market. Robinson & Co. (Singapore) Ltd. and C.K. Tang Ltd., both long-established department-store chains, are considered promising consumer stocks.

Other areas of interest are insurance companies, such as Insurance Corp. of Singapore, which is viewed as undervalued relative to its earnings potential, and marine-related issues like Sembawang Shipyard Ltd., Chuan Hup Marine Ltd. and Sembawang Maritime Ltd., which are benefiting from a revival in demand.

Malaysian-based stocks — plantations, manufacturers and properties — are also favored, chiefly because the economic recovery there is seen as six to nine months behind Singapore's.

Chrysler, China in Accord

Beijing to Build Engine Plant

The Associated Press

DETROIT — China's largest automaker will sign an agreement Tuesday to buy machinery and technical help from Chrysler Corp. in order to produce up to 300,000 engines a year for light trucks and automobiles, Chrysler officials announced.

First Automotive Works of Changchun will make a one-time payment to Chrysler for design and manufacturing technology plus 48 "major pieces of machinery," and in addition will pay a royalty on each four-cylinder engine produced, said Robert A. Lutz, a Chrysler executive vice president and board member.

Although he did not disclose the amount of the payment, Mr. Lutz said this constituted one of the most significant transfers of automotive technology from the United States to China since the reopening of trade in 1979.

First Automotive Works will build a plant to manufacture the Chrysler engines, with plans to begin production in 1989.

The Chinese company manufactures about 100,000 vehicles a year, almost all five-ton trucks. The Chrysler-designed engines will power new two- and three-ton trucks and some passenger cars the company intends to produce, Mr. Lutz said.

First Automotive Works will receive complete technology for Chrysler's 2.2-liter and 2.5-liter overhead-cam four-cylinder engines, including future advancements.

Chrysler will assist in designing the new plant and train employees of the Chinese company both in China and at Chrysler plants in Trenton, Michigan, and Saltillo, Mexico.

Shipments of the manufacturing equipment will begin early next year, according to a Chrysler spokesman.

American Motors Corp., which Chrysler is buying, already is engaged in a joint venture to build utility vehicles with Beijing-Automotive Works.

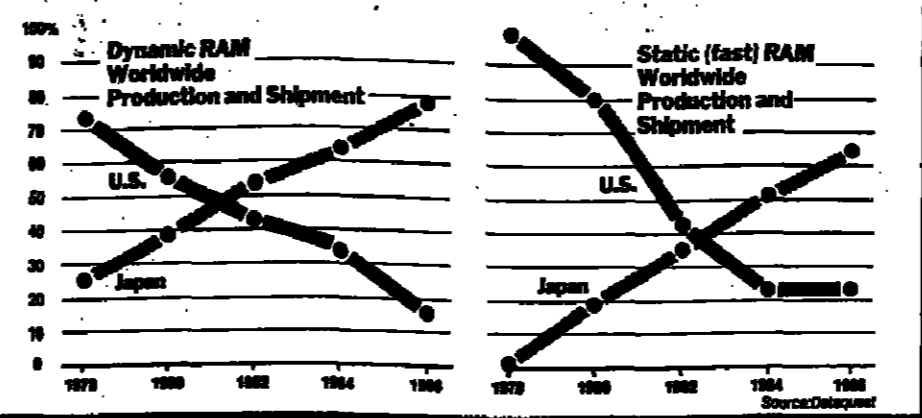
In April, Volkswagen AG announced plans to construct a major new car plant in China with an annual capacity of up to 300,000 vehicles.

In 1985, VW began a joint venture with China in Shanghai that has produced 15,000 vehicles, largely for the use of government officials.

Mr. Lutz stressed that the Chrysler agreement with China did not represent a joint venture. AMC's joint venture has had serious financial difficulties since it was launched in 1983.

"It's just a straight financial transaction," Mr. Lutz said of the Chrysler deal. "We sell machinery and equipment, we provide technical assistance, and we get a royalty for every engine."

The U.S. Static RAM Makers Break the Trend Toward Decline



U.S. Holds Its Own in Static RAMs Start-Up Firms Find Growing Market for Faster Chips

By Andrew Pollack New York Times Service

SAN FRANCISCO — The dynamic random access memory chip, or dynamic RAM, has long been the center of attention in the semiconductor industry. It is the industry's largest-selling chip, the one in which the Japanese have made their strongest inroads, and the one that is perennially the focus of semiconductor trade tensions.

By contrast, the static RAM has been easy to overlook. Static RAMs are more expensive, more complicated and have less capacity. Nevertheless, they are beginning to crowd into the dynamic RAM's spotlight.

One reason is that as U.S. manufacturers have abandoned production of dynamic RAMs, they have in some cases turned to production of static RAMs as a chip on which to hone their latest production techniques.

But a more important reason is that static RAMs operate more quickly than dynamic RAMs. As computers become faster, dynamic memory chips are beginning to have trouble keeping up with the rest of the computer.

A large number of start-up companies in the United States are specializing in fast static RAMs and managing so far to hold their own against Japanese competitors.

They include Cypress Semiconductor Corp., Integrated Device Technology, Performance Semiconductor Corp., Vitec Corp. and Saratoga Semiconductor Corp. Established companies such as Motorola, Texas Instruments, Fairchild and Advanced Micro Devices also have a stake in the field.

"We're all in the speed race and there's no clear leader," said Edward Browder, president of Saratoga Semiconductor. "It's probably a race that will never finish."

Static RAMs are also finding a new niche in personal computers. As computer displays offer greater resolution and more colors, the need for video memory will climb.

Dataquest, a market research firm, estimates that the market for static RAMs will be \$1 billion this year, compared with \$2.5 billion for dynamic RAMs. But it predicts that sales of fast static RAMs will jump 26 percent, to \$450 million, making them one of the industry's fastest-growing segments.

Static RAM memory "caches," information used most frequently that the computer can dip into at high speed, first appeared in mainframe and minicomputers. They will spread to personal computers in the next year or two with the advent of See CHIPS, Page 13

EC Will Exert More Pressure On Japan Trade

BRUSSELS — The European Community resolved Monday to intensify pressure on Japan to cut its huge trade surplus by opening markets to European exports.

The foreign ministers of the EC nations issued a statement saying they wanted Tokyo to commit to specific dates for implementing agreed-upon concessions and for progress on other EC demands.

The EC has become increasingly impatient with Japan, which last year had a trade surplus with the EC of more than \$21 billion. An even bigger margin is in prospect for 1987.

The EC nations are particularly upset that Japanese exports to the EC have continued to grow even though the rise in the value of the yen has affected sales elsewhere, especially in the United States.

The EC has ordered investigations into charges that Japanese companies are dumping cut-price electronic goods in Europe to put competitors out of business. The EC also wants barriers to EC exports lifted.

The foreign ministers asked for a report by the end of this year on negotiations covering specific areas where the EC wants more Japanese concessions: motor vehicle standards, cosmetics and medical equipment.

"That delay should allow Japan to take, on the political level, decisions necessary for the community's complementary demands to be satisfied and, on the technical level, to put into effect concessions already made," the statement said.

The EC said Monday it would take immediate trade reprisals if the United States restricts the import of pasta from Europe. Reuters reported from Brussels.

The foreign ministers were reacting to a letter sent last week by the U.S. trade representative, Clayton K. Yeutter, in which he set Aug. 2 as the deadline for an agreement.

Pennzoil Says Texaco Plan Is Negotiable

Compiled by Our Staff From Dispatches

HOUSTON — Pennzoil Co. said Monday it had filed a reorganization proposal for Texaco Inc. under which Pennzoil would receive \$4.1 billion to settle their legal dispute, but said the plan could be revised after talks with other creditors.

Baile P. Kerr, chairman of Pennzoil's executive committee and chief negotiator for Pennzoil in its \$10.3 billion lawsuit with Texaco, said Texaco, the third largest U.S. oil company, could afford to pay the \$4.1 billion in cash.

But asked if Pennzoil would be willing to accept a smaller payment, he said, "I'm not going to say that anything is cast in stone."

On April 12 Texaco filed its own plan for protection from creditors under Chapter 11 of U.S. bankruptcy laws.

That filing stemmed from a judgment, now valued at \$10.3 billion, that was awarded to Pennzoil after a Houston jury found that Texaco had improperly acquired Getty Oil while Getty was engaged in a merger with Pennzoil.

Under Pennzoil's proposal, all creditors of Texaco would have their claims satisfied in full with interest from April 12 to the date of payment, according to a Pennzoil statement.

The proposal, filed in federal bankruptcy court in White Plains, New York, asks for \$4.1 billion in cash plus interest from April 12.

Under bankruptcy rules, Texaco has 120 days to submit a reorganization plan and another 60 days to get it approved. Texaco asked the court last week for more time to submit its plan. Pennzoil filed Monday to oppose an extension.

"The time has come to permit Texaco creditors and shareholders to advance creative and viable alternatives to Texaco management's refusal to formulate a plan while they 'bet the company' on the outcome of litigation," a Pennzoil statement said. (Reuters, AP, UPI)

Kluwer Offer Tests Dutch Distaste for Hostile Bids

By Ronald van de Krol Special to the Herald Tribune

AMSTERDAM — The unusual bid by the country's second-largest publisher, Elsevier NV, to take over third-ranked Kluwer NV against its will has come to be regarded as a test of whether unfriendly takeover bids are fundamentally "un-Dutch."

The twists and turns of the bid, unveiled to a stunned financial community in early June, offer a neat summary of why unfriendly takeovers are rarely attempted here.

Kluwer has called the hostile bid "a surprising way of behaving in the Netherlands" and seized upon it as an example of why the two companies are incompatible.

Kluwer, in addition to rushing into the arms of a "white knight," Wolters Samsom Groep NV, is also fighting Elsevier with anti-takeover mechanisms that would be unthinkable on Wall Street or in the City of London.

Hans Hoyneck, secretary of the committee on merger affairs in The Hague, which is responsible for the Dutch merger code, described the current bid as "without question the most hard-fought boardroom battle ever."

The stakes are high: If Elsevier wins, it will edge out VNU NV as the largest Dutch publisher. If Kluwer and Wolters Samsom merge, they will push Elsevier down into third place.

Kluwer's basic defense is to dilute the voting power of its ordinary shares, the only class of its shares traded on the stock exchange.

Soon after Elsevier announced its intentions, Kluwer placed 2.5 million preference shares with a company foundation set up in the 1970s to safeguard the firm's independence. It also issued two million preference shares to its intended partner, Wolters Samsom.

The two tranches of new shares reduced the voting power of Kluwer's 2.5 million ordinary shares to just 35 percent from well over 90 percent previously. This means that Elsevier cannot gain a voting majority even if it captures all Kluwer's ordinary shares.

And the preference shares, which have now become all-important, are effectively out of reach because they are not freely traded.

But share analysts say Elsevier's chances of eventually winning control of Kluwer are not entirely bleak.

If it wins a significant portion of the ordinary shares, it could try to tear down Kluwer's defenses through the courts or through strategic use of its voting strength at shareholder meetings. However, either tactic would probably take years.

A major shareholding in Kluwer, apart from being a good long-term investment for Elsevier, would be a constant irritant for Kluwer, said one Dutch banker who asked not to be identified. "Kluwer might eventually stop resisting."

Two weeks ago, Elsevier said it had already bought at least 24 percent of Kluwer's ordinary shares on the open market, and analysts believe

it has raised its stake further since then to 30 percent or 35 percent.

They said institutional investors, also believed to own up to 35 percent of Kluwer, therefore hold the key to Wolters Samsom's and Elsevier's tender offers.

"I get the impression that the institutions would rather have Elsevier shares than shares in the merged Wolters-Kluwer company," said Koot ten Have, fund manager at Staal Bankiers NV in The Hague.

So far, the main action in the takeover battle has taken place on the stock exchange, reflecting the fact that both Elsevier's and Wolters Samsom's formal bids for Kluwer's ordinary share capital consisted largely of share swaps, which in turn make their own share price movements crucial.

Elsevier's shares are now worth 55.60 guilders (326.60 against 47.80 guilders seven weeks ago, while Wolters Samsom has fallen to 119.50 guilders from 127.50.

Kluwer has soared to 409 guilders from 266 on June 3, the day Elsevier's takeover plan emerged. Its share price is now roughly in line with the per share value of the two competing bids, which each value Kluwer's ordinary share capital at more than one billion guilders.

Mr. Hoyneck said that even if Elsevier ultimately loses, he expected the bid to stimulate new interest in unfriendly takeovers in the Netherlands because it would make people more familiar with the concept.

But Mr. ten Have of Staal Bankiers said the Elsevier bid would likely go down in Dutch corporate history as an interesting incident but not the start of a major trend.

Currency Rates

Table with columns for Country, Currency, and Rate. Includes entries for Australia, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, and USA.

Other Dollar Values

Table with columns for Currency per U.S. Dollar, U.S. per Foreign Currency, and U.S. per U.S. Dollar. Includes entries for Australia, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, and USA.

Interest Rates

Table with columns for Currency, Term, and Rate. Includes entries for Eurocurrency deposits for various currencies and terms.

Key Money Rates

Table with columns for Instrument, Close, and Prev. Includes entries for US Treasury bills, US Treasury notes, and US Treasury bonds.

Asian Dollar Deposits

Table with columns for Term, Rate, and Source. Includes entries for 1 month, 3 months, 6 months, and 1 year deposits.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and Yield. Includes entries for Merrill Lynch Bond Assets and T. Rowe Price Bond Assets.

Gold

Table with columns for Location, Price, and Change. Includes entries for Hong Kong, London, Paris, Zurich, and New York.

U.K. Banks Try Harder on Home Front

They Seek to Recover Profits Lost to Third World Loans

LONDON — Britain's leading banks, seeking to recover profits because of problems loans in the Third World, are intensifying their efforts to make money in the domestic consumer market.

The four big clearing banks are to announce interim results this week amid speculation about the dent that will be made in their profits by additions to loan-loss reserves.

The banks' new direction focuses on the lucrative domestic consumer market in areas such as mortgage lending, where borrowings last month topped £3 billion (\$4.8 billion) for the first time this year.

Banks like Barclays PLC are diversifying from low-margin areas like savings into lending, and are moving in on territory that was once the domain of building societies, Britain's thrift institutions.

Analysts estimate that the banks must add about £2.5 billion to their loan-loss reserves to cover exposure in countries that are recheduling debt. This is equivalent to 25 to 30 percent of their exposure and is seen by analysts as an important step toward defusing a potentially explosive situation.

The total forecast for provisions this year is about 12 times the £200 million set aside last year.

Rod Barrett of Hoare Govett stockbrokers and other analysts forecast that National Westminster Bank PLC emerges in the strongest position, with forecast interim pre-tax profit of £600 million, a 24 percent increase from the first half of last year.

This year's results with a composite forecast by leading analysts of 15 percent for Midland Bank PLC, 13 percent for Barclays and 12 percent for Lloyds Bank PLC.

Another analyst, Martin Cross of Greenwell Montagu brokers, forecast NatWest profits, excluding provisions for loan-loss reserves, rising to £1.27 billion this year.

Analysts say NatWest again leads the top four in profit volume despite a drop in growth this year. Its estimated pre-tax profit from international operations will be about £290 million. This compares with estimates of £250 million for Lloyds, £220 million for Barclays and £150 million for Midland.

"The banks for many years let the building societies dominate the mortgage and small services market," Mr. Barrett said. "They have concluded the consumer market is worth going for."

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Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld. %	PE	52 Week High	Low	Close	Chg.
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0

(Continued)

12 Month High	Low	Stock	Div. Yld. %	PE	52 Week High	Low	Close	Chg.
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0
114	114	UNION PAC	4.00	10	114	114	114	0

U.S. Futures

Via The Associated Press July 20

Season High	Season Low	Open	High	Low	Close	Chg.	
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Grains

WHEAT (CBT)	5000 minimum	dollars per bushel	Settling	High	Low	Close	Chg.
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Metals

COPPER (COMEX)	30000 minimum	dollars per 100 lbs	Settling	High	Low	Close	Chg.
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Livestock

CATTLE (CME)	40000 minimum	dollars per 100 lbs	Settling	High	Low	Close	Chg.
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Currency Options

PHILADELPHIA EXCHANGE	Options & Futures	Settling	High	Low	Close	Chg.	
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Financial

U.S. BILLS (IMMO)	12 Month	High	Low	Close	Chg.		
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

NYSE High-Lows

NEW HIGHS	NEW LOWS	Stock	High	Low			
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

AMEX High-Lows

NEW HIGHS	NEW LOWS	Stock	High	Low			
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Company Results

Company	Revenue	Profit	EPS				
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Paris Commodities

Commodity	High	Low	Close	Chg.			
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Dividends

Company	Dividend	Yield					
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

London Commodities

Commodity	High	Low	Close	Chg.			
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

Spot Commodities

Commodity	High	Low	Close	Chg.			
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0
114	114	UNION PAC	4.00	10	114	114	0

U.S. Treasuries

Commodity	High	Low	Close	Chg.
114	11			

BUSINESS ROUNDUP

BCal Says Survival at Stake in Merger

Reuters
LONDON — British Caledonian Airways will not survive unless it merges with British Airways, the airlines said Monday in a joint submission to government officials who must approve the merger plan. The merger, announced last Thursday, is aimed at forming a company to meet the competition of U.S. carriers. British Airways, recently privatized, and privately owned British Caledonian said the eight-point document on BA's £237 million (\$381 million) offer for its smaller rival had gone to the government's Office of Fair Trading, with arguments as to why the proposal should not be put before the Monopolies and Mergers Commission. "It will be a British airline big enough to compete against mega-carriers in world markets," a summary of the submission said. British Caledonian reported a loss of £19.2 million last year, and the document said, "BCal's only course is to merge if it is to survive." Several smaller British airlines met Friday and urged the govern-

ment to submit the merger plan to the monopolies commission. Leaders of the opposition Labor Party have denounced the merger. Both airlines described the plan as a friendly merger. It will be up to the trade and industry secretary, Lord Young, to

decide whether the matter goes to the monopolies commission. British Airways was sold by the government to the public in February in a share offer worth £800 million. In May, the airline announced profit of £162 million for the year ended March 31.

Smith International Sets Plan

NEWPORT BEACH, California — Smith International Inc., which filed for bankruptcy protection after being ordered to pay \$207 million to a major competitor for patent infringement, said Monday it had reached a provisional agreement on a reorganization plan. Smith, one of the world's largest oil field services companies, said the plan should allow it to conclude proceedings under Chapter 11 of the U.S. Bankruptcy Code by the end of 1987. The plan is subject to bankruptcy court approval. Smith said the agreement had been reached with its official unse-

cured creditors' committee, its official equity security holders' committee and Baker Hughes Inc. Hughes Tool Inc., since merged with Baker International to form Baker Hughes, was awarded \$230 million in 1986 after a court ruled that Smith infringed a Hughes patent for a rubber seal. Smith said that the plan called for the patent judgment to be settled for \$85 million in cash and \$10 million in notes. It said it expected to file the reorganization plan Tuesday. The court has scheduled hearings on a statement of disclosure for Aug. 24 and on confirmation of the plan for Nov. 12, it said.

Van Heusen Says Rosewood Offer Is Inadequate

NEW YORK — Phillips-Van Heusen Corp. said Monday that its board had rejected an offer by Rosewood Financial Inc. to acquire the apparel company for \$22 per share, or about \$333 million. Phillips-Van Heusen, based in New York, said its board agreed with financial advisers Shearson Lehman Brothers that the offer was too low. Shearson will study alternatives, it said. Rosewood is the investment arm of the estate of Caroline Hunt Schoellkopf, the daughter of H. L. Hunt, the late oilman. At the time of the offer earlier this month, Rosewood reportedly owned 19.7 percent of Phillips-Van Heusen common stock, the largest holding. Lawrence Phillips, chairman of Phillips-Van Heusen, said the company was continuing to consider potential acquisitions.

Merrill's Profit Falls on Bonds Loss

The Associated Press
NEW YORK — Merrill Lynch & Co. on Monday reported a 9.3 percent fall in its second quarter profit to \$83.3 million from the corresponding period last year, the expected result of a \$275 million pretax loss from mortgage securities trading. The big investment firm said the profit totaled 76 cents a share, compared with \$91.1 million or 86 cents a share, in the year-earlier quarter. Revenue during the quarter rose to \$2.44 billion from \$2.33 billion. The mortgage-securities loss sparked a major shakeup of Merrill Lynch's trading operations.

president, Robert Keil, attributed the results to strong volume gains that reflect improved market conditions. **(Reuters)**
Schlumberger Drops
NEW YORK — Schlumberger Ltd., the world's largest oilfield services company, reported Monday that second-quarter earnings fell 45 percent to \$30.2 million from \$55.2 million a year ago. It said the fall was mainly due to reduced oil drilling resulting from the steep decline in oil prices. Earnings per share totaled 11 cents after 19 cents, on lower revenue of \$1.1 billion from \$1.3 billion. **(AP)**

rose 1 percent to \$952 million from \$943 million. **(AP)**
AMC Registers Profit
DETROIT — American Motors Corp. said Monday that it earned \$30.2 million in the second quarter, its best quarterly profit since \$34 million in the first quarter in 1979, compared with a \$52 million loss one year ago. Earnings per share at the No. 4 U.S. automaker, registering its third consecutive quarterly improvement, totaled 17 cents after a 50-cent loss, on sales up 47 percent at \$1.18 billion. **(Reuters)**

Westwood One Inc. To Buy NBC Radio
NEW YORK — National Broadcasting Co. has agreed to sell NBC Radio Networks to Westwood One Inc. for \$50 million cash, the companies said Monday. NBC is selling NBC Radio Network, The Source and Talknet. Los Angeles-based Westwood will also issue NBC warrants to purchase 1 million shares of Westwood common stock for \$36.40 each. **(Reuters)**

Malaysia Says Asian Investors Are Lining Up

Agence France-Press
KUALA LUMPUR, Malaysia — Malaysia recorded a sharp increase in the number of applications from Japan, Singapore and Taiwan to set up manufacturing plants during the first half of this year, the Malaysian Industrial Development Authority said Monday. The government agency said foreign capital in projects approved between January and the end of June totaled 246.8 million ringgit (\$98.7 million), up from 102 million ringgit for the year-earlier period. Japan led the list with proposed investments of 79.1 million ringgit, followed by Singapore with 70.1 million and Taiwan with 35.9 million. The figures cover applications to set up projects with shareholders' funds of at least 2.5 million ringgit and a projected employment of at least 75 workers, the Industrial Development Authority said. Malaysia has over the past two years relaxed rules governing investments, allowing foreigners to keep a majority stake in projects except in a few cases.

In Chile, Privatizations Give Workers a Taste for Capitalism

By Shirley Christian
New York Times Service
SANTIAGO — Workers at an iron ore deposit and pellet plant operated by Pacific Steel Co., 300 miles (485 kilometers) north of Santiago recently asked the general manager to give them a report on profits and investments this year. They also asked if they could find out how their shares in the company were doing on the stock exchange without waiting for the newspaper. "What is happening is that workers, both blue collar and management, are developing what I call a stockholders' culture," said Clemente Martinez, a supervisor in the pellet plant and part of the delegation that made the requests. Indeed, the trend of selling government-owned companies to public investors is not just a phenomenon of the world's largest industrialized countries. The employees' purchase of one-third of the shares in the steel company, one of the half-dozen largest companies in Chile, is part of the rapid privatization of a number of state-held concerns that provide services or strategic goods. Through a combination of employee purchases and sales to the public on the stock exchange, the government has completed in recent weeks the sale of 100 percent

of Pacific Steel and of the electric utilities serving the Santiago and Valparaiso metropolitan areas. In addition, it has sold 65 percent of a nitrate mining company, 49 percent of an electricity-generating plant and a medical and chemical laboratory and has begun selling smaller portions of nine other companies. The shares are being offered in packages of varying percentages, with the offerings spaced over months. In the case of the steel company, the first public sales, comprising 14 percent, occurred in 1985. Often, objections are raised by those who feel that the government is selling valuable assets that can never be regained. But in most recent cases, the sales have been readily welcomed by investors. Specifically, the privatizations have brought strong criticisms from many political opponents of the government of President Augusto Pinochet. They contend that a large chunk of the national patrimony is being sold at bargain prices that do not take into account the cost to the public of starting and running the companies. The opponents say they reserve the right to annul such sales whenever political democracy returns to Chile. The Pinochet government declared a policy of privatization almost as soon as the military overthrew the socialist government of Salvador Allende in 1973. It began by returning to the previous owners a number of companies that had been nationalized by the Allende administration. Others were sold to other individuals or to conglomerates. Manuel Macaya, a manager of Corfo, the state industrial promotion corporation, said that Corfo had received \$1.3 billion from the sales since 1974. He said that all of those companies now being sold to the public are profitable. For example, Pacific Steel earned \$15.5 million last year on sales of \$319 million, including

\$120 million in exports, mostly ore to Japan. About 9,000 people bought stock in the company, including 4,000 of the 6,500 employees, helped initially by company loans. Later, many employees received bank loans. Jorge Bugueno, sales manager of CAP's iron ore subsidiary, said it had been difficult to stir interest in stock purchases among mine and plant workers — "whose only knowledge of investments was bank deposits." But as share prices rose and dividends were paid, equal to two months' salary for the lowest-paid workers, interest picked up. "I think the majority of the workers have leftist views, without being part of a particular party," he said, "but they bought anyway." In late 1985, after the government decided to sell a computer

services firm called ECOM, the union representing all of the employees proposed purchase by its members. Maria Teresa Rosende Gaete, the general manager, said 114 of the 120 employees, mostly white-collar workers, participated in the \$1.5 million purchase with the help of 10-year loans. "For the majority of us, the initial reason was job security more than an investment," she said, "but now people have begun to see it as an investment." The company has since expanded, hired additional workers and is building a six-story headquarters. Ramon Briones, a lawyer who is chairman of an economic committee of the Christian Democratic Party, said that the sales will leave a future democratic government with few options for making an economic policy of its own.


Dow Chemical Surges

MIDLAND, Michigan — Dow Chemical Co. said Monday that second-quarter earnings rose 40 percent to \$312 million from \$222 million one year ago. Earnings per share totaled \$1.62, up from \$1.16, on record sales of \$3.4 billion, a 20 percent rise from \$2.84 billion a year ago and 13 percent over the first quarter, which was the previous record high. The company's executive vice-

MCI Profit Slumps 50%

WASHINGTON — MCI Communications Corp., the second-biggest U.S. long-distance phone company, said Monday that second-quarter profit fell 50 percent to \$8 million from \$16 million one year ago, hurt by a 9 percent price cut. Earnings per share totaled 3 cents, down from 6 cents. Revenues

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A long lasting argument. Audi 80. Audi 90. Audi 100. Audi 200. The only fully galvanized saloons.



With an Audi you get an attractive, unusually aerodynamic shape, a quiet running, powerful yet economical engine and a large interior with outstanding fixtures and fittings. But you get more than that. You also get quality. Audi quality. What other manufacturers give their cars a fully galvanized body, for example. For Audi it is a matter of course that the best available long-term anti-corrosion protection is applied to all their saloon cars and the Audi 100 estate. Which means lasting protection and a high resale value. But full galvanization is only one step in Audi's efforts to achieve long-term quality at the bodysheet stage. There is also spray and dip degreasing, cathodic priming, elastic anti-chip filler, PVC underfloor and seam treatment and hot wax flooding of all floor area cavities. All of which goes to show just how seriously we take the question of quality. Not only when it comes to corrosion protection but for all the technology that goes into our cars; from the reliable, low-maintenance engines at one end to the long-life exhaust unit at the other. Both good arguments for an Audi in the long run.



CURRENCY MARKETS

Dollar Little Changed as Market Watches Gulf

NEW YORK — The dollar closed little changed Monday in quiet trading as traders monitored events in the Gulf and awaited Friday's scheduled release of preliminary figures for the second-quarter U.S. gross national product.

Traders said the market was also looking forward to two key appearances on Capitol Hill, both scheduled for Tuesday: a midyear economic review by the Federal Reserve Board chairman, Paul A. Volcker, and the start of Alan Greenspan's confirmation hearings as Mr. Volcker's successor.

In New York on Monday, the dollar was unchanged from Friday against the Deutsche mark, closing at 1.8630. The dollar also closed at 152.725 yen, down from 152.95 Friday, at 1.5485 Swiss francs, down

London Dollar Rates

Table with columns: Currency, Bid, Ask, and other market data for London Dollar Rates.

from 1.5530; and at 6.1975 French francs, down from 6.2000.

The dollar was higher against the British pound, which closed at \$1.5985, against \$1.6040 Friday.

The United States begins offering Navy protection for Kuwait oil tankers in the Gulf this week.

Earlier in Europe, the dollar closed at its highest against the mark and the yen since early March.

In fairly active trading, the dollar ended in London at 1.8617 DM, up from 1.8575 DM at Friday's close, and at 152.75 yen, up from 150.40.

The pound retreated before the dollar's strength and closed at \$1.6025, down from \$1.6093 on Friday. It was the pound's lowest level against the U.S. currency for about three weeks.

Dealers said it was difficult to pick any factor that adequately explained the dollar's buoyancy.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8617 DM, well ahead of the 1.8466 DM at Friday's fix, and at 6.1925 French francs, up from 6.149.

Miyazawa Notes Calmer Market

TOKYO — Finance Minister Kiichi Miyazawa told a parliamentary committee Monday that although exchange rates were still severe for the Japanese economy, the market itself was getting calmer.

He said the market thinks highly of the determination shown by major industrial nations to stabilize currencies by coordinated efforts.

He also said the U.S. trade deficit was likely to fall to around \$150 billion this year from \$166 billion in 1986.

Floating-Rate Notes

Large table of floating-rate notes with columns for Issuer/Mat., Coupon, Bid, Ask, and other financial details.

CHIPS: U.S. Start-Up Firms Compete in Growing Market for Static RAMs

(Continued from first finance page) powerful microprocessors such as the Intel 80386 and the Motorola 68020.

"We're right on the verge where dynamic memories can't come up to the speed that we need," said Gary Sumac, vice president of systems engineering for Compaq Computer Corp.

Memory chips store the data and the instructions that are executed by the computer's central processing unit.

If the computer's memory cannot release or store the desired information fast enough, the central processor is left waiting.

cycles per second. This means that 20 million times a second, or once every 50 billionths of a second, the processor is ready to move to its next step.

Both static and dynamic RAMs can retrieve any piece of information readily, without having to retrieve another piece first.

The difference between a static and dynamic RAM is in the construction of the bins. The dynamic RAM has simple bins consisting of a device known as a capacitor,

which stores an electric charge, and a transistor, which helps read what is on the capacitor.

The problem is that the charge tends to leak off the capacitor. Hence, several hundred times a second, a sweep must be made through all the bins to reinforce the charges. That is why the memory is called "dynamic."

Static RAMs do not need such refreshing. That, plus their smaller size and other unique features, means that today's static RAMs are two to 10 times faster than the fastest dynamic RAMs.

However, the bins of a static RAM are more complex. While a dynamic RAM has one transistor per bin, the static RAM has four to six transistors locked in a feedback

loop to retain their memory. Since the bins are larger, a static RAM can hold less information than a similar-sized dynamic RAM.

A very-high-speed static RAM capable of storing only 16,000 bits might sell for \$12, while a dynamic RAM that holds 256,000 bits, 16 times the storage capacity, sells for about \$2.50.

The simplest solution to the problem of slow memories would be to replace dynamic RAMs with static RAMs. One personal computer maker, PC's Ltd. of Austin, Texas, is taking that approach.

Most computer manufacturers, however, believe that a complete switch from dynamic RAMs to static RAMs is too expensive.

Monday's OTC Prices NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Large table of OTC prices for various stocks, including columns for High, Low, and other market data.

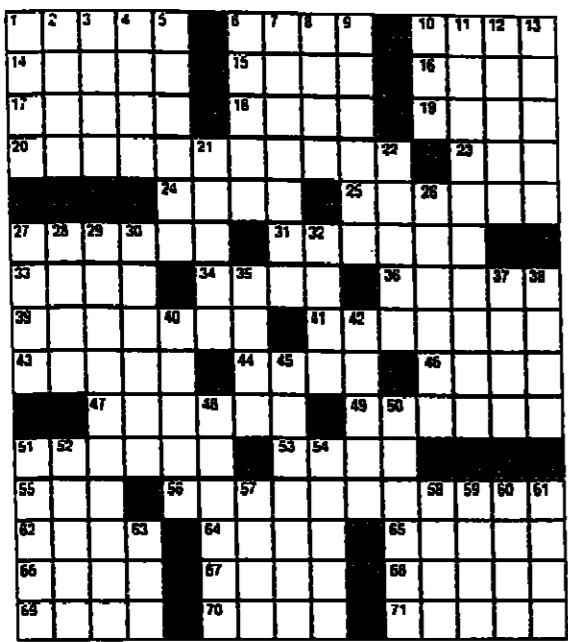
Table of stock prices for various companies, organized in columns with company names and price movements.

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Monday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.



ACROSS
1 More plucky
2 Dissonant
3 Fare for Miss Muffet
4 Oil or Oyl
5 Widespread
6 Lock inventor
7 Lnuus
8 Vampire of folklore
9 Austen novel
10 Dentist?
11 Fulfilled
12 City near Phoenix
13 Surgical light beams
14 Command
15 Joiner?
16 Genius of evergreen trees
17 Simple
18 "You," 1924 song
19 Marsh heron
20 Tools for swindlers?
21 Pelvic bones
22 Access-writer
23 Chase
24 Baby powder
25 Squabble
26 Allen and Herman
27 Guadalupe gala

PEANUTS



BLONDIE



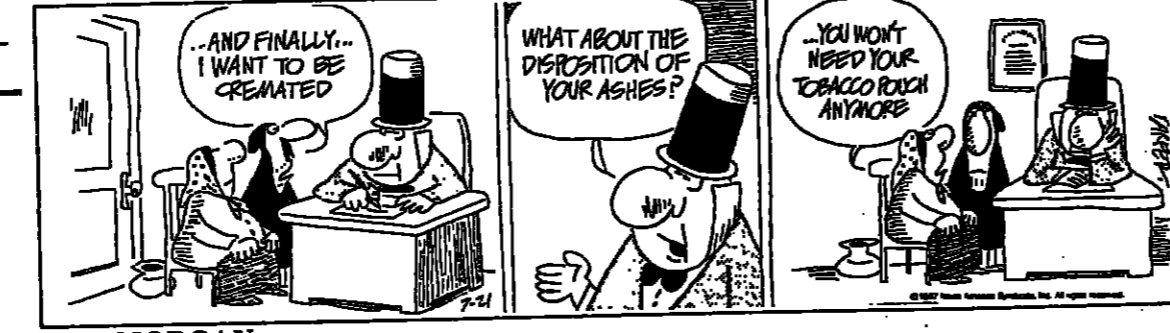
BEETLE BAILEY



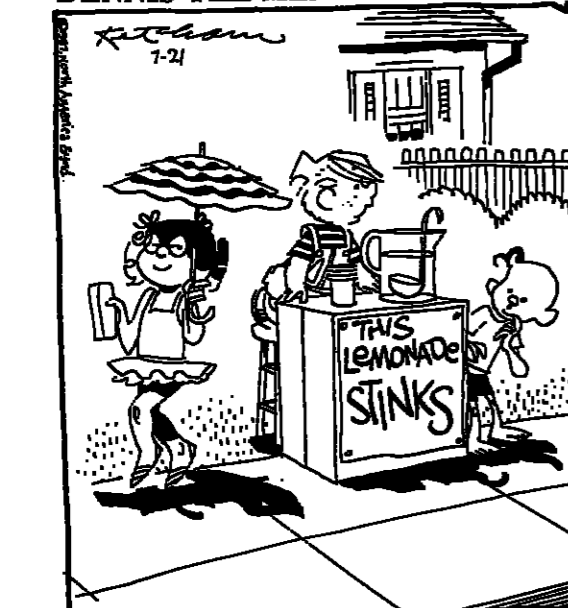
ANDY CAPP



WIZARD OF ID



DENNIS THE MENACE



REX MORGAN



GARFIELD



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
NOWNK
ORNOG
REYMOB
GIZAHN

WEATHER

Table with weather forecasts for Europe, Asia, Africa, North America, Middle East, and Oceania.

World Stock Markets

Table showing closing prices in local currencies for various world stock markets including Amsterdam, London, Frankfurt, Zurich, and Tokyo.

BOOKS

HEMINGWAY
By Kenneth S. Lynn. Illustrated. 702 pages. \$24.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Christopher Lehmann-Haupt

KENNETH S. LYNN'S "Hemingway" is only the third full-scale biography of the writer to appear since his suicide in 1961... The book is essential. By bringing to light certain key events in Hemingway's early childhood, he not only deals with material that his predecessors either overlooked or actively denied; he also puts the subject's life and work into a new perspective.

Solution to Previous Puzzle. A grid with words like LEEKS, LAST, SOFT, OCTET, OMER, AGLU, CHARIO, NIEM, ADEL, HOTFUDGE, GIMDIES, TEAT, UTTITA, ASIA, TEAS, MTS, LANTERN, MAL, FEE, FIRED, ICELAND, ALE, OTIE, SETTING, PIT, WED, DRAY, AGREE, GARM, BLOSS, ROTAN, COLD, NOSE, ARAB, LABOR, BERT, CALL, IRONY, RYES, KLEE, IDLES.

CHESS

By Robert Byrne
IN THE SWIFT International tournament in Brussels, Gary Kasparov made the task of coming from behind to tie for first place with Lubomir Ljubojevic... Black found a temporary way to survive with 18...N-K3, but after 19 BxN, the consequence of 19...PxN would have been 20 B-Q5, again threatening 20 B-B5 and ensuring White positional superiority.

at the arrival of her brother, Leicester, when she was 2. "How much richer it would have been for Grace if she and little Leicester had been twins of the same sex." Lynn observes. "How much richer, correspondingly, it would be for Marceline — her mother's surrogate — if she and little Ernest could be turned into twins. Thus, she took early action to assert her authority over even the sexuality of her son." by ousting him in dresses and keeping his hair long until he was 6.

disturbed by 13 N-KN5, was time-wasting and probably should have been replaced by 12...Q-K2. White's 14...N-R4? was an elaborate venture before his development was completed.

Chess board diagram showing a game position after 17...N-B1. The board shows pieces in their starting positions with some pieces moved.

KOREBOARD

Table with Korean board game statistics or scores.

SPORTS

On Center Stage in the British Open, Azinger Bowed but Wasn't Beaten

By Tony Kornheiser

MURFIELD, Scotland — The books will dutifully record that Nick Faldo won the 1987 British Open, that an Englishman, bravely tramping through the heather, emerged ghostly from the weathering mists and reclaimed for Great Britain what was rightfully hers. But the truth of the matter is that Faldo, who had not a single birdie on the final round, didn't win it.

sheff that Faldo might reach only with a steepladder. "Don't anybody feel sorry for me," Azinger said. "I've proven I can play with anyone in the world, proven I'm one of the better world players, proven a lot to myself and to everyone else that I'm a contender. I've been on the tour for five years and I've never been in the hunt for a major championship."

such brassiness. "I wanted to be the leader after the second and third round, and I was. I got to play in front of the whole world, and I played my butt off — for 17 holes. If you're afraid of center stage, you've got no chance. I used to be afraid. No more. I want it more than anything now. That's one reason I know I'm going to be a great player someday."

have sprung him clear of the field. On 10 and 11, both of which he bogged. On 12, 14 and 16, where he had made birdie putts and missed. On 17, where he chose his driver over his one-iron, and pulled the shot into a pot bunker. On 18, where he hit a five-iron into such a terrible predicament in the sand that Lawrence of Arabia might not have escaped. Azinger called 17 "my demise, a ridiculous choice of clubs." But you can make a case for any of the others.

SPORTS BRIEFS

British Officials Probe Horse Racing

LONDON (AP) — British tax authorities have introduced leading jockeys, trainers and owners in an investigation of undeclared payments worth millions of pounds, The Times of London reported Monday.

At 80, Another Marathon, No Record

SAN FRANCISCO (AP) — Mavis Lindgren, who carries a photo to prove to skeptics that she set a world record at an Oregon marathon at the age of 78, Sunday finished the 26-mile San Francisco Marathon with a time of 5:59:36 but cramps in her right leg prevented her from breaking the world record of 5:10 for women over 80.

For the Record

José-Luis Ramirez of Mexico regained the vacant World Boxing Council lightweight title Sunday night with a unanimous 12-round decision over Terrence Alli of Guyana in Saint-Tropez, France. Hector Camacho took the title from Ramirez in 1985 but was stripped of it in April for failing to defend in the stipulated time. (AP)

Roche Takes Lead in Tour

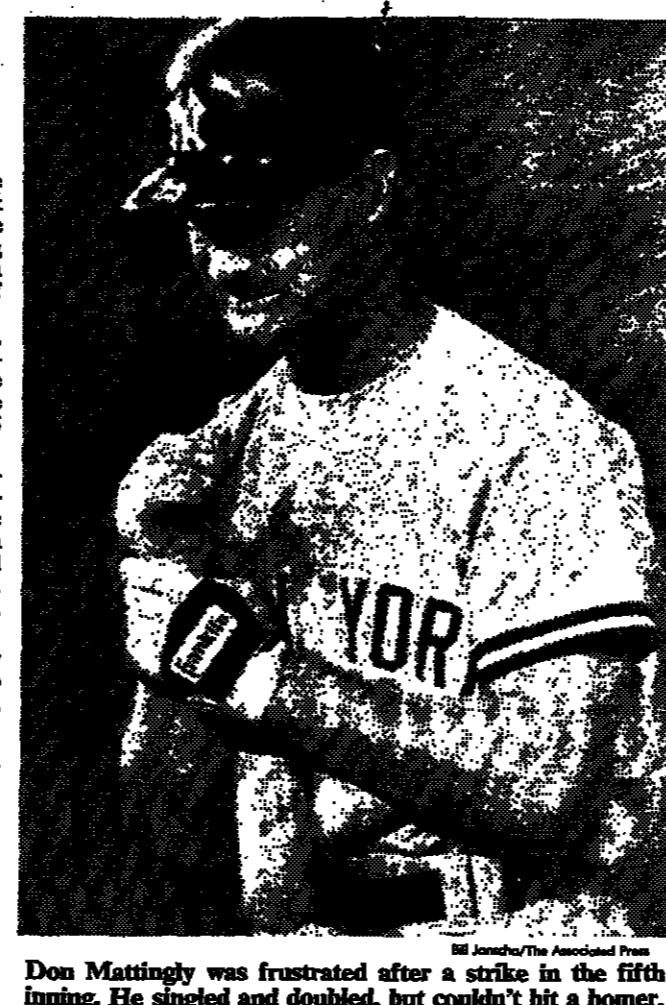
Compiled by Our Staff From Dispatches

VILLARD-DE-LANS, France — Stephen Roche of Ireland took the lead in the Tour de France bicycle race Monday by finishing the 19th stage on a breezy way in the Alps with Pedro Delgado of Spain.

Roche began the day 2 minutes, 34 seconds behind leader Jean-François Bernard of France, but he punctured a tire at the base of the steep Chalmont hill, 21.6 miles (35 kilometers) from the finish.

Delgado won the 115-mile (185-kilometer) stage in 4 hours, 53 minutes, 34 seconds with Roche three seconds behind. Marino Lajareta and Arsenio Fuente of Spain and Charly Mottet of France were in 30 seconds later with Luis Herrera of Colombia sixth, 1:05 back.

Bontempi tested positive July 7 after winning the seventh stage. He was demoted to last place, with 10 minutes deducted from his overall time. Thurau tested positive after the eighth stage, but he later quit the tour with a knee injury. Both were fined \$810. (UPI, AP)



Don Mattingly was frustrated after a strike in the fifth inning. He singled and doubled, but couldn't hit a homer.

Mattingly Homer Streak Ended As Rangers Beat Yankees, 20-3

By Ross Newhan

Los Angeles Times Service

ARLINGTON, Texas — The bat that Don Mattingly has promised to send to the Hall of Fame, but not until it breaks, survived Sunday night. It was Mattingly's home run streak that was broken.

In a characteristic performance, the New York Yankees' first baseman merely singled and doubled in four at-bats as the Texas Rangers provided most of the fireworks en route to a 20-3 victory that seemed to turn the Mattingly showcase into a sideshow.

The Rangers collected 22 hits and were leading 18-3, when the Yankees' exasperated manager, Lou Piniella, asked catcher Rick Cerone to make his major-league pitching debut with the bases loaded and no outs in the eighth inning.

Cerone got a pop up and a run-scoring ground out before balking in the first inning, and the Rangers contributed to the circus by using pitcher Bobby Witt as a pinch hitter for Pete Incaogvia, who had doubled and singled twice.

Witt, the second Texas pitcher to bat since the designated hitter rule was adopted in 1973, struck out as Cerone finished with a flourish. Mattingly would have liked to have finished with a flourish, but "who's to say I won't get another chance," he said with a small smile.

BASEBALL ROUNDUP

starter Greg Harris, grounding out in the first, singling in the third and lining out in the fifth. Harris came in with a 3-8 record and 5.17 earned-run average but held the Yankees to five hits in seven innings, retiring the last 11 in order.

The right-hander has allowed only one homer in eight starts since leaving the bullpen and threw Mattingly mostly curveballs.

"I kept telling myself that if he was going to hit it out, he was going to have my best pitch," he said. "The big thing was that I was able to keep the guys ahead of him off base and just concentrate on him. He seems to be more aggressive with guys on base."

Mattingly said "it was hard" not to think about the record because of the attention it had drawn, but that "there wasn't any pressure. When you hit a home run in six or seven straight games and are swinging the bat as well as I've been, there's no pressure. When you hit 11 homers in eight games, that's got to be enjoyable."

"Besides, I knew it was going to be over one way or another tonight. I was either going to break it or I wasn't. The only disappointment is that we lost. I would have liked to set a record, but the only time I was really going for it was on my last at-bat. Russell showed me something because he came at me with hard stuff. He didn't lay it in. That's the way it should be done."

When Long homered in eight straight games, he immediately received a \$2,300 raise, to \$14,700. Mattingly, who makes \$1,975 million, doesn't expect to be compensated for his share of the record.

In other major league games Sunday, United Press International and The Associated Press reported:

Angels & Brewers 5: In Milwaukee, pinch-hitter Ruppert Jones's three-run double, during a five-run eighth, helped California win.

Twins 7, Blue Jays 6: In Minneapolis, Tom Brunansky drove in three runs and three relievers stopped Toronto with 6½ strong innings. Dan Schatzeder striking out six in 3½.

White Sox 9, Indians 7: In Chicago, Greg Walker homered to start a decisive three-run fifth and the White Sox also scored three runs on two Cleveland wild pitches.

Orioles 5, Royals 1: In Kansas City, Missouri, Billy Ripken hit his first major-league homer, with two on, as Baltimore swept the four-game series. The Royals have lost 10 of their last 11.

Cardinals 5, Padres 4: In the National League, in San Diego, Jack Clark's second homer of the game, with two out in the 10th inning, gave St. Louis its victory. The Padres' pitchers had held Clark to 1 hit in 11 at-bats and had struck him out eight times in the three previous games of the series.

Mets 6, Reds 5: In New York, Kevin McReynolds's bases-loaded single, following a 58-minute rain delay with one out in the bottom of the 11th, beat Cincinnati.

Giants 4, Cubs 3: In San Francisco, Mike Aldrete homered in the eighth to beat Chicago. Winning reliever Scott Garretts struck out five of the six batters he faced. Pirates 7, Dodgers 2: In Los Angeles, John Cangelosi went three for five for Pittsburgh and hit his first homer this year.

SCOREBOARD

Baseball

Major League Leaders

Table with columns for Player, Team, and various statistics like AB, R, H, HR, RBI, etc. for Major League Leaders.

Sunday's Major League Line Scores

Table showing game results for Sunday's Major League games, including teams, scores, and key players.

NATIONAL LEAGUE

Table showing National League standings with columns for Team, W, L, Pct., GB, and other stats.

AMERICAN LEAGUE

Table showing American League standings with columns for Team, W, L, Pct., GB, and other stats.

Major League Standings

Table showing overall Major League standings for both leagues.

Football

CFL Standings

Table showing CFL Standings for Eastern and Western Divisions.

Baseball

Transition

BASEBALL American League CALIFORNIA — Put Dick Schofield, shortstop, on 15-day disabled list. Activated Darrall Miller, catcher, from 15-day disabled list.

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Cycling

Tour de France

HAVANA — An amateur baseball team from the United States beat a Cuban team Sunday for the first time since 1985, and the player most responsible was Jim Abbott, a one-handed pitcher.

Golf

British Open Winners

1980 — Willie Perry: 1981 — Tom Morris, Sr.; 1982 — Tom Morris, Sr.; 1983 — Andrew Strath; 1984 — Willie Perry; 1985 — Tom Morris, Sr.; 1986 — Tom Morris, Sr.; 1987 — Tom Morris, Sr.

Tennis

Men's Tournaments

(At Indianapolis) Mats Wilander (1), Sweden, def. Kent Carlsson (3), Sweden, 6-4, 6-3.

Women's Tournaments

(At Livingston, New Jersey) Janet Krick (1), U.S., def. Christina Seaman, West Germany, 7-4 (7-4), 6-4.

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It's a First as U.S. Finally Beats Cuba

The Associated Press

HAVANA — An amateur baseball team from the United States beat a Cuban team Sunday for the first time since 1985, and the player most responsible was Jim Abbott, a one-handed pitcher.

Abbott, a 19-year-old from Flint, Michigan, who was born without a right hand, held the Cubans to three hits in five innings. The United States won, 8-3, for its first victory in a five-game exhibition series that is a warm-up for next month's Pan American Games in Indianapolis.

Abbott, who attends the University of Michigan, received a standing ovation as he stepped from the mound. Cuban officials said it was the first time a one-handed pitcher had played in their country.

The last time the United States beat Cuba was in the 1985 Pan American Baseball Championship in Caracas, by the score of 5-7.

EMPLOYMENT

GENERAL POSITIONS WANTED

MAKING SENSE out of your dream... CALIFORNIA — Put Dick Schofield, shortstop, on 15-day disabled list. Activated Darrall Miller, catcher, from 15-day disabled list.

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INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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(Continued from Back Page)

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